

CASE STUDY

SOCIAL HOUSING
IN DENMARK



ROUND BALTIC

SUMMARY

- RoundBaltic has brought key stakeholders together across the Danish social housing and financial sector aiming to boost energy efficiency and other green investments
- The effort has been done in cooperation with the parallel H2020 project Super-i and BL, the Danish Federation of Non-Profit Housing Providers
- The interventions entails introducing implementation concepts like ESCO and financial instruments to make green investments more dynamic
- The Green Model is a key new initiative to join forces in the social housing sector along adoption of appropriate concepts and instruments
- RoundBaltic has helped to develop road maps to lead a green transformation of the social housing sector in South and East-Denmark regions



CONTEXT

- The National Building Fund has estimated that there is a total potential of DKK 50 billion for financially profitable energy efficiency improvements in the sector, which demonstrates a broad potential. RoundBaltic has aimed to engage more players in the field such as mortgage banks, pension companies, ESCOs etc. to further boost and expand the renovation schemes.
- There are persistent barriers related to energy renovations that need to be addressed such as the lack of financing for deep energy retrofitting, lack of technical capacity in social housing organisations and the democratic powers of tenants. Therefore, a new green guarantee fund under the National Building Fund has been created to support up to 6 billion in energy efficiency investments in the sector. Furthermore, the aim is to introduce the ESCO model as a an innovative way to increase dynamics of green investment, incl. providing better security for the project economy and helping to attract private capital.
- A key issue is to create trust on the side of tenants. The implementation of energy efficiency projects requires a majority of the residents' votes as well as confidence in the present decision-making basis. A way to encourage trust is the use of dynamic accounts based on three measuring points – CO2, humidity and heat – in addition to providing a more holistic overview of consumption, that can form basis for increased fairness in the settlement between consumers.
- RoundBaltic and the parallel Super-I project has aimed to support this development in dialogue with the key stakeholders of the sector.

ROUNDTABLES AND ENABLING EFFORTS

- RoundBaltic has arranged national and regional roundtables to lead the change by facilitating exchanges of knowledge and providing space for discussion and new ideas. In focused thematic sessions, issues and recommendations for the social housing sector have been presented and discussed by key stakeholders such as financial institutions, mortgage banks, municipality actors, energy actors etc.
- The first national Roundtable on financing of energy efficiency in the social housing sector was held on the 11th of May 2022 with an emphasis on the possible integration of ESCO-related solutions and the possibility of using supplementary green loans from the financial sector (mortgage credit and pension companies). The discussion took its point of departure in the pilot project in the Housing Association Fruehøjgaard, Herning, by exploring the challenges and opportunities in relation to the implementation of energy-efficient measures.

- On the 1th of June 2023, a regional Roundtable on energy efficiency and solar panels in multi-storey buildings in Copenhagen and Zealand (Eastern Denmark) brought together a range of key stakeholders. The event demonstrated the need for further.

collaboration and exchange of experience between municipalities, housing associations, energy companies and other stakeholders. The participants' input have contributed to a broader understanding of the challenges and the need for a holistic approach that includes technical, economic and communication aspects. The event will be preceded by follow-up activities to translate ideas and recommendations into concrete initiatives, including a project led by Gate 21.

- On the 7th of June 2023, a session on the social housing sector took place during a regional Roundtable on energy efficiency with the purpose of exploring how to ensure dynamism and development in the Region of

Southern Denmark. The session was based on the regulatory and financial initiatives that are currently being taken to improve the opportunities for the green transition in the sector. Different models of investment were on the table, where good practice and experiences from the SUPER-I project and briefing on the new “Green Model” project were presented. This sparked a debate on the development opportunities in the region and how the presented models could be adopted and integrated into the local context.

- The findings of the RoundBaltic intervention has been transformed into regional road maps to steer the further promotion of energy efficiency finance in the social housing sector.



FINANCIAL INSTRUMENTS

THE GREEN MODEL

BEST PRACTICE FOR ENERGY-

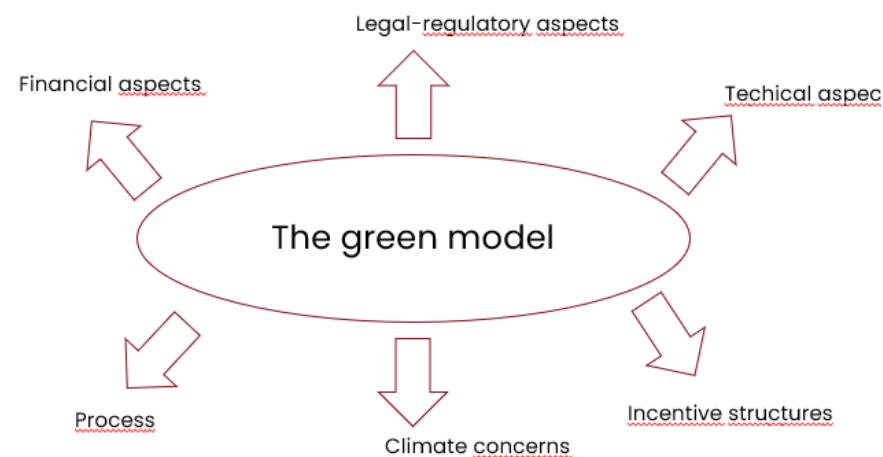
RENOVATIONS IN THE SOCIAL HOUSING SECTOR



The technical solutions are known and the required funds can come from many places like public green funds as well as mortgage and pension funds. However, there is a need to develop joint investment-oriented actions across sectors, interests and knowledge.

With such purpose the 'green model' is under development aiming to make the green transformation of the social housing sector as simple, uniform, experience-based and effective as possible.

The Green Model helps to establish clearly defined processes for the housing associations to expand an already complex renovation process with energy optimization.



The guarantee instrument of the associated energy savings mean the housing association is assured of a financial long-term gain, which brings security to the investment. Moreover this can give the tenants confidence in the investments as part of the housing association democracy.

RESULTS

The effort has resulted in adoption of innovative financing instruments and road maps to steer the further promotion of energy efficiency finance in the Danish social housing sector

- The ambition is that the green model will systematise and structure energy efficiency finance in the Danish social housing sector, incl. establishing one-stop-shops as driving force in the implementation.
- A regional roadmap has been compiled to provide a concrete plan for implementation and integration of the ideas and recommendations. It is motivated by a combined effort of improving the national investment framework and initiatives on the regional/local level.

NEXT STEP

- On the national level, the focus is on creating the best enabling environment for the green model so it will be used successfully.
- On the regional level, Southern Denmark and Eastern Denmark will follow the guidelines in the regional roadmaps for the green transition of the social housing sector.



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Disclaimer

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This Case Study was elaborated as part of the RoundBaltic project bringing together representatives of the financial and energy efficiency sectors at regional and national roundtables to discuss and find solutions to the challenge of energy efficiency finance in the three target countries Poland, Latvia and Denmark.

Key focus areas have been to ensure an investment friendly framework along designing of financing instruments in accordance with the EU financial pillars more effective use of public funds, aggregation and project development assistance and de-risking.



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