

## Roundtable feedback from different regions

**Milan Hladík**, Senior Counsellor,  
Ministry for Regional Development, Czechia

**Dijana Bezjak**, Head of Service for Financial Instruments, Ministry of  
Regional Development and EU Funds, Croatia

**José Luís Cunha**, Legal Advisor,  
Cabinet of the Secretary of State for Housing, Portugal

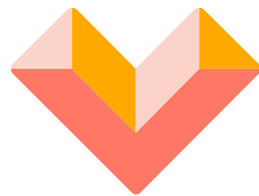
**Aleksejs Kaņējevs**, Project manager, Deputy Head of Department, Altum,  
Latvia

**Yannick Kirchhof**, Advisor for European Affairs, Groupe Caisse des  
Dépôts, France

**Radka Encheva-Konstantinova**, Policy Officer,  
DG REGIO, European Commission

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## Affordable Rental Housing RRF and Beyond Czech Case

**Milan Hladík**, Senior Counsellor,  
Ministry for Regional Development, Czechia

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# RRF Affordable Housing Finance

- 3 RRF Financial Instruments 320 mil. EUR
- Specialist Implementing Partners
  
- FI 1 Concessionary Loans 180 mil. EUR
- FI 2 Subordinated Loans 100 mil. EUR
- FI 3 Equity Investment Fund 40 mil. EUR
  
- Technical Assistance 20 mil. EUR



Prague Municipality: Nové Dvory, 200 000 m<sup>2</sup> housing for 5000 people and 130 000 m<sup>2</sup> amenities, mix-use



Facilitate private finance leverage. Take risks.

# FI 1 Concessionary Loans

- 30 years' concessionary loans at 1 – 3% p.a.
- Up to 12 million Euro per project
- Cost Rental
- Project Financing Structure:
  - 10% sponsor/investor minimum
  - 25% grant (provided from CZ state budget)
  - 65% concessionary loan
- Grant may escalate from 25 to 40%:
  - Energy efficient new builds
  - Heritage urban zones
  - Renovations with 30% energy savings
  - Economically deprived regions



**Investment completion – signing loan**



**Transformation of a communist era shop, Southern Moravia, 2022**

# RRF as Springboard for Affordable Housing Pipeline



# How is it possible?

- Czech affordable rental housing strategy in place and being implemented
- Political consensus emerging
- Successful pilots and a massive pipeline of housing projects at State Fund for Investment Promotion
- Regional Housing Investment Support Centers (NOT FINANCED beyond 2026)
- Data driven, evidence-based policies
- Advisory support from EIB critical
- Promoting sound municipal finance, architectural, environmental, social and communal values



Senior executives with deep knowledge of regional dynamics and people



Public investors respond well to expert support

# Affordable Housing Finance

A. Styhre: 'Lack of affordable housing is rich world's most serious and longest running failure'

## PREDICTABILITY

- **Multi-annual** recurring financing framework required
- Enable municipalities initiate **complex rehabilitation** projects and phased implementation
- Affordable housing weakness should substantially be resolved within a decade - **European Housing Decade**.

## INTEGRATED PRODUCTS

- European affordable housing facilities need to be **operationally integrated with technical assistance**
- TA especially meaningful for **smaller housing** projects. ELENA and NEB most relevant.
- **Enabling platforms** should be set up in conjunction with Implementing Authorities.

## SEAL OF QUALITY

- EU **cities competitive**, attractive, world leading.
- This must not be undermined by rushed **generic construction**.
- Mindful of political economy of affordable housing
- Should conform to **NEB Investment Guidelines**.
- Stick with Renovation Wave rather than get another Suburbia Wave.

## FINANCE & STRUCTURES

- **National holding fund structures** (umbrella funds) enabling national, territorial/regional or thematic subfunds under direct EU management
- Leeway for implementing partners to **structure debt and equity** combinations for individual financing programs.
- Financing toolkit must contain **grants linked to criteria** and quality
- **Tenor up to 50 years** for rental developments, concessionary loan terms and **grants needed** in less prosperous regions.
- Consider ring-fence EU housing funds with dedicated accruing income (inspiration Jakob Fugger)
- Specialist housing institutions should be eligible intermediaries for EIB alongside banks



**Thank you!**







## HR FINANCIAL INSTRUMENT: Urban Development Fund

**Dijana Bezjak**, Head of Service for Financial Instruments, Ministry  
of Regional Development and EU Funds, Croatia

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# Capital Rebate – NEB based

50 : 50 RISK SHARING LOAN = ERDF + HBOR (HR NPBI) = 172 m€ for local government  
write-off of the loan principal from the ERDF

<b>SUSTAINABILITY</b>			<b>Σ 40%</b>
and/or	A	at least 25% of green or other publicly accessible spaces, and green roofs	10%
and/or	B	<b>NEW</b> building = NZEB -10%	15%
and/or	C	<b>EXISTING</b> building = at least 20% of energy savings	15%
and/or	D	For each different renewable energy source = if 30% of energy from RES	5%
<b>AESTHETICS</b>			<b>5%</b>
Selected 1 <sup>st</sup> - 3 <sup>rd</sup> place on the Architectural Design Competition			
<b>INCLUSIVITY</b>			<b>5%</b>
Proof of the Inclusion of the local community in decision-making (citizens, NGOs, local businesses)			

max. 50% per loan

# AFFORDABLE HOUSING - OPTIONS

CPR Art. 63(7) Eligibility – a new type of intervention (Table 1 of Annex I) eligible from the date of the submission of a programme amendment to EC

TABLE 1: DIMENSIONS AND CODES FOR THE TYPES OF INTERVENTION

## 1. PO 2 GREEN

- 043 - Construction of new energy efficient buildings (only NZEB –20%)

## 2. PO 4 SOCIAL

- 126 - Housing infrastructure (other than for migrants, refugees and persons under or applying for international protection)

## 3. PO 5 URBAN

- 126 - Housing infrastructure (other than for migrants, refugees and persons under or applying for international protection)



**Thank you!**

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