



Investment Committee of the InvestEU Fund

Meeting no 29 of 13-14 June 2024

European Commission, Luxembourg

Centre Drosbach – DBR

Rue Guillaume Kroll 12, Luxembourg

Meeting room ECFIN DRB B3/001

Expanding social and affordable housing in Catalonia

INVEU-ICR-0037-2024 – Social Investment and Skills Window (SISW)

Short description of the financing or investment operation and its objectives

Name of the final recipients	SOSTRE CÍVIC, Societat Cooperativa Catalana Limitada (SCCL)
Size/ Type of the final recipients	Not-for-profit organisation
Countries of implementation	Spain – Catalonia Region
Implementing partner	Council of Europe Development Bank (CEB)

The objective of the project is to enhance the availability of social and affordable housing units in the region of Catalonia, thereby contributing to closing the existing gap in social and affordable housing in Catalonia. Sostre Civic provides non-profit, non-segregated and accessible affordable social housing.

CEB loan will co-finance construction/refurbishment of around 307 dwellings (including one specific housing cooperative sub-project designated for elderly persons) throughout the region of Catalonia, distributed among around 10 sub-projects.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 13 June for the above-mentioned operation.

The project contributes to addressing the **market failure** and funding gaps in the affordable social housing sector in Catalonia. The population of Catalonia experiences difficulties in accessing good quality housing on the private housing market and is exposed to housing poverty and consequently of increasing risk of social exclusion. About 40% of future households with housing affordability problems will meet their residential needs from the existing housing stock, and about 60% would need to be housed in new dwellings.

Social rental housing supply has not met the increase in demand and the supply has been decreasing in the last two decades. Total market supply of housing is insufficient to achieve a socially efficient level of consumption, as the targeted households have no ability to pay the asked price. Social housing faces the exposure to higher level of risks beyond levels that private financial actors are able or willing to accept. In the case of this operation, it is indeed unlikely that private financial actors would be willing to finance housing to be rented to the target groups at the cost level rent.



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The **additionality** is seen in the fact that this CEB loan is expected to significantly help Sostre Civic scale up its activities by financing the development of additional affordable social dwellings the loan conditions such as longer maturity, pricing, and no collateral requirement are believed not to be available otherwise to Sostre Civic on the Spanish bank market. The operation has potential for meaningful signalling/crowding-in effect of CEB loan to other potential investors and creditors active in the housing market in Catalonia and Spain where housing cooperatives are quasi non-existent.