

## Conclusions

### Hannover social and affordable housing

#### INVEU-ICR-0028-2022 – Social Infrastructure and Skills

#### Short description of the financing or investment operation and its objectives

Name of the promoter or financial intermediary	Hanova Wohnen GmbH
Countr(ies) of implementation	Germany
Implementing partner	EIB

The Project is structured as an Investment Loan comprising seven schemes for the construction of approximately 640 new social and affordable housing units for rent, of which approximately 232 will be allocated to social housing (36%) and approximately 408 units will be designated as affordable housing (64%). All housing units will be barrier free and approximately 12% will be wheelchair accessible. The project will include two day-care centres for children at ground floor level.

The Project is considered 100% Climate Action under Mitigation Energy Efficiency. Five schemes out of seven representing 82% of the total investment costs will achieve an energy performance at least 20% better than NZEB German national levels (KfW 55 standards) and the rest will target an energy performance at least 10% better than NZEB German national levels.

The Project is expected to increase the supply of social and affordable housing for rent and to increase the market flexibility to respond to the current social and affordable housing needs. The provision of new social and affordable housing will contribute towards improving the social mix across the city and will promote greater social inclusion. More widely, the Project is expected to contribute to sustainable urban development with the provision of high-quality and energy efficient housing accommodation including climate mitigation measures. Targeted high-energy efficiency standards will also lead to lower operating costs and energy bills for low and medium income tenants

#### Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 8 June 2022 for the above mentioned operation.

The project contributes to the achievement of the UN Sustainable Development Goals, various EU Sustainable Urban Development ambitions, and Energy Efficiency targets, as well as local and state level objectives. It addresses a number of externalities and sub-optimal investment flows. The Project increases the supply of social and affordable housing for rent and the market flexibility to respond to the current social and affordable housing needs. It also contributes towards improving the social mix across the city and promotes greater social inclusion, thus, supporting sustainable urban development.

The Bank will provide an unsecured loan, which will be effectively subordinated to the borrower's standard mortgage loans. The Bank's loan will thus fill a financing gap as mortgage loans from

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commercial and promotional banks require that part of the project cost is covered by either by own funds or unsecured loans without recourse to the assets financed. The Bank's loan will also help the borrower to optimise its asset encumbrance levels with a view towards mobilising future funding for the City of Hannover's ambitions to become climate neutral by 2035. The Bank's financing will also offer further important benefits such as a very long loan maturity and flexibility with respect to availability period, interest rate arrangements and drawdowns, which will enable an optimal alignment with the implementation modalities of the Project and thus further increase its affordability.

The Investment Committee sees the imbalances on the local housing market as well as increase of debt capacity and non-collateralised base as main arguments to support this project.