

Federcasa represents 108 public corporations which, all over Italy, build and manage social housing for the weaker classes.

Federcasa's main task is to promote its associates (IACP, ATER, ALER, ATC, public joint stock companies for housing etc.) as organizations managing their estates with criterions of balance between costs and proceeds and co-operating with town councils to urban renewal. Federcasa is among the founder partners of the European Committee for social housing, Cecodhas Housing Europe, which has represented ONGs that build and manage social housing in Europe since 1989.

Federcasa was a member of the Committee of the National Observatory for Housing of the Department for Infrastructures. It participates in research programs on the theme of formation with the Department of Public Function of the Presidency of the Government, in European programs for equal opportunities (EQUAL) and in European programmes on the theme of environmental sustainability.

The objectives defined by the statute concern, among others:

- the promotion of political and social initiatives aiming "the good house" intended as a new quality of living and social life, promoting all the useful initiatives to such end;
- aid to the partners in order to promote their innovation, keeping in mind the competence;
- recognized in subjects such as regions and local bodies, and the competences of community;
- coordination and the evolution of national and international politics;
- representing the Associates in national and international organizations which have as their main purpose the promotion of social housing and the quality of life, to help the exchange of studies and experiences;
- developing study and research activities.

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On the Commission's '**Financial support for energy efficiency in Buildings**' consultation paper we propose the following answers to the specific questions concerned our sector.

1.a. Are the barriers identified in this document the most important ones? If not, which barriers are missing and why are they important?

In this document the most important financial barriers have been identified.

In Italy we underline the problem related to Banks and Escos that are reluctant to engage in long-term energy efficiency financing contracts and tend to prefer shorter term. The lack of a systemic approach to bundling energy efficiency investments is another problem as well.

In addition in Italy at this time there is a particular law related to "Stability and Growth Pact" for public bodies that blocks public investments in general and for energy efficiency as well. Now it is very important that EU legislation encourages and under certain circumstances obliges Members States in the investments that can lower running costs, such as the energy saving measures.

This Stability Pact with the national government hinders the creation of deficits by local authorities, even in case they are used to finance projects aimed at meeting EU goals on energy efficiency.

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It limits both investments for energy efficiency projects (which cannot be financed by local authorities due to constraints to local deficit creation, embedded in the Italian national law) but also for the renovation of dwellings, when these dwellings become available for renting.

This results in a vicious circle:

The region has duties with the National government to reduce energy consumption. So, the region makes regional policies to improve energy efficiency and, in order to be of example for the private sector as well, the region starts from the public sector, where there are forecasts for performance improvement of buildings. However, at municipal and provincial level, there are no possibilities to make the energy efficiency projects on buildings owned by public authorities, because of the Stability Pact, which hinders any financing of public authorities, resulting in no investments at local level.

1.b. Which market failures would be most urgent to address? At what level (i.e. EU, national/regional/local) would these failures be best addressed?

The problems related to the distrust of banks and the lack of a systemic approach for energy saving investments can be addressed at national level but the way to face and respect the “Stability and Growth pact” through long term planning should be regulated at EU level.

2.a. How could the uptake of EU-level funding for energy efficiency (including cohesion policy funding) be improved?

We think that the new SCF programming period 2014-2020 has to be more addressed to energy efficiency measures especially for social houses, at a local level for smaller-scale investments on longer investment durations.

It would be important too that EU encourages and allows the financing tools for technical assistance such as ELENA and IEE-MLEI to become structural.

There is also a need for policy tools which can foster at local level, for smaller projects as well, the development of skills, especially in terms of energy audit, project engineering and financial planning. The current IEE program and its public tenders rely on the fact that most local actors are able to deliver all the plans necessary to implement energy efficiency projects, but there is a fundamental lack of skills, since bigger consultancies and ESCO are not keen to invest in smaller-scale projects for longer investment periods and at lower returns.

2.b. How could more private financing (both from institutional investors as well as building owners) for energy efficiency projects be mobilised?

While ESCOs are surely a “tool” that can enable wide refurbishment plans of social housing stock through EPC contracts, there are still issues, which need to be tackled:

- Funding: ESCOs work as energy service companies or lenders, sometimes both. If the ESCOs work as a lender, there is a limit to the financial support of the project and, consequently, there is the risk of monopoly of larger international ESCOs. The small local ESCOs are not able to support intensive funding and long-term investments.
- Guarantees:
 - o guarantee of the performance (EPC) by the ESCOs
 - o guarantee of the payment by the end user
- Lack of knowledge of this kind of instruments by the operators of the municipalities and by social housing companies
- Lack of national rules on ESCOs
- Risk that bigger ESCOs take advantage of this lack of knowledge and rules, to play around on the actual energy savings reached and to get more profit out of the projects. In certain circumstances, particularly in the public sector, there is a need for an intermediate actor, better if owned by public authorities or inside the public authority itself, with the competencies to check the ESCO projects and to determine which investment or project structure is more

beneficial for the end-users/consumers/public authorities.

2.c. Is there a need for guarantee systems related to building efficiency investments? If so, what guarantee systems for efficiency investments would be necessary and how should they be designed?

We think Guaranty Funds in supporting of financiers (Banks or ESCOs) could play a key role to overcome the difficulty to start up smaller investments and to improve long term loans.

2.d. How could the capacity, knowledge and risk perception regarding energy efficiency investments be improved, both at financial institutions as well as with private investors and administrations at all levels?

Social housing operators can improve the bankability of housing stock renovation through exhaustive audit and valid financing plans.

In the case of measures in which tenants pay a part of the investment, Banks or/and ESCOs require a guarantee of the SHO against non-payment. It would be appropriate to consider the establishment of a regional guarantee fund.

As stated before, for many projects, structural funding should be used to cover 30% of investment costs, in order to make these projects bankable.

2.e. Are there examples of good practice at national or regional level (with data on costs and benefits) that could be applied more widely?

Yes, there are some good examples.