

## **Financing and incentivising energy-efficient renovation of condominiums in the European Metropolis of Lille**

**A Policy Learning Platform peer review**  
*31 January-1 February 2024*

### **Final Report**

#### **1. Brief presentation of the beneficiary and its motivation to host a peer review**

The Lille European Metropolis (MEL) comprises 95 municipalities and 1.2 million inhabitants in an area that is both rural and urban, made up of large towns and villages.

Although the majority of homes are detached (68%), collective housing is on the increase. One in four private homes in the metropolitan area is now located in a condominium.

There are 8,500 condominiums in the Lille Metropolitan Area, representing 135,000 homes.

1/3 of these properties are old (built before 1974) and 75% of co-ownerships are small (fewer than 12 units). This is the particular feature of our co-ownership stock: a large number of small, old co-ownership properties, often predominantly rented and concentrated in our urban centers.

Sustainable home renovation is a challenge, given the age of the housing stock (37% of primary residences in the MEL were built before 1949) and the continuing rise in energy costs. For some households, in both individual and collective housing, the aim is also to prevent or deal with situations of fuel poverty.

MEL has a number of schemes to support co-owners in their home improvement projects.

It has developed AMELIO COPRO in response to the need to help condominiums renovate their buildings.

The aim of the AMELIO copro program is to help yearly around 60 condominiums a year with their renovation projects (energy, safety, structure, etc.), 15 buildings with management recovery objectives and 400 condominium owners and tenants with work on private areas.

#### **2. Specification of the policy challenge encountered**

AMELIO COPRO program supports condominiums throughout their project, including the search for financial assistance from partners (French government, local authorities, etc.).

Even though for some projects, State financial aid easily exceeds 50% of the financing plan, a large proportion of condominiums have problems advancing the financing.

This theme is SESSION I – FINANCE by peer review:

**What is the experience of the peers from their own countries? Which solutions are implemented to remove those constraints?**

**Do the peers know any examples of public/private pre-financing at local authority level?**

**Is there any feedback on the overall financing of works (pre-financing of subsidies + remaining costs)?**

**Do the peers have any feedback on a common structure for advancing public funding?**

The second obstacle to the renovation of condominiums is the fear of condominium owners when it comes to voting on the work, given the high cost of the work (generally between 25,000 and 50,000 euros per apartment before public financial aid).

The lack of participation at general meetings and/or refusal to vote for ambitious works are the main reasons why work projects are abandoned after financing.

This theme is SESSION II – CO-OWNER ENGAGEMENT by peer review

**Do the peers know any good practices for involving co-owners in collective decision-making?  
Do they know any innovative practices in this area? (landlord, small co-ownership, etc.)**

### **3. Participants**

*List of participants in the peer review:*

- *Members of the beneficiary organization: **Lille European Metropolis (MEL)***

**Anne VOITURIEZ:** Vice-President - Housing and living

**Claire BRUHAT:** Director – Housing department

**Elena ITURRA:** Head of Unit – Private housing

**Arnaud WILLIART:** Referent housing officer

**Marie GUITTON:** European projects developer

- *Local stakeholders involved*

**Catherine JOST** regional manager at URBANIS

**Heloise DELMOTTE:** project manager (energy renovation in co-ownership) at Public Service for Energy Efficiency (SPEE)

**Jerome THIRAUT:** Partnership Manager at Caisse d'Epargne Ile-de-France

**Sylvie MELONI:** Head of Innovations & Social Missions at TISSERIN

- *Peers*

**Nicholas STANCIOFF:** Funding for Future, The Netherlands

**Alessandro ATTOLICO:** Province of Potenza, Italy

**Eduardo BRUNET:** Green Finance Institute, Spain

**Beatriz SAN MARTIN:** Nasuvina Navarra, Spain

**Tommy LINDSTRÖM:** Energy Agency Southern Sweden

**Sébastien DESCOURS:** Energies Demain, SERAFIN/ORFEE, France

- *Interreg Europe team*

**Astrid SEVERIN** Thematic Expert Greener Europe and Europe closer to Citizens, Interreg Europe Policy learning platform

**Simon HUNKIN**: Thematic Expert in Greener Europe and Connected Europe, Interreg Europe Policy learning platform

**Antoine DUQUENNOY**: Thematic manager Interreg, Europe Policy learning platform

**Karine GEVORGYAN**: Platform Administrator, Interreg Europe Policy learning platform

**Nicolas SINGER**: Head of Policy Unit, Interreg Europe

**Juliette**: Intern, Interreg Europe

#### **4. Policy Recommendations**

This section recaps the recommendations made during the peer review

Key insights

- MEL is a frontrunner with a very good system and collaboration with relevant stakeholders in place
- Now: be ambitious and switch to the next level: **higher volumes** and a **faster pace** of implementation
- Moving from single buildings and pilots towards energy efficient renovation of districts and types of buildings
- Putting the public authorities in the driving seat of policy development, not leaving the market alone
- Offering a long-term strategic approach
- Participate more actively in projects to pilot and demonstrate new initiatives (Interreg, HEU)
- Getting more money for the team and team growth (HEU as a possible funding stream)
- Bring in a financial intern/professional to help understand real financial needs and benefits (tax income), and navigate potential of different models and instruments
- Achieving credibility and trust with the financial institutions in order to tap into available resources including necessary accountability
- Setting and communicating ambitious targets for energy-efficient renovation i.e. NetZero City
- Improving governance on the renovation strategy
- Clearly allocating risks associated to each step of the process
- Aggregate as much as possible (filtering buildings, applying standard methods, 'one size fits most', developing guidelines,...)and renovate districts, groups of buildings, same type of buildings
- Establish a pipeline for financing i.e. it is easier to obtain EUR 20 million than EUR 50,000
- Offering common/joint procurement to reduce prices
- Work with prefabricated elements
- Offer training of installers, construction companies, managers, auditors, ... you need the workforce to achieve renovation targets
- Simplicity: Making condominium renovation and financing as easy as buying a car
- Emphasise all aspects of the process: energy efficiency, health, security, comfort, quality of life
- Use pilot projects and successful renovations as showcases: "I want what my neighbour has"
- Engage citizens through participatory processes
- This is about people as much as about buildings
- Know your 'audiences' and specifically target your communication to change mindset of different groups
- Look out for change agents and leaders that can drive processes and projects; they make the real difference

- Offer assistance to condominiums to improve their understanding of benefits (LCC) and financing options
- Increase collaboration with the integrated home renovation service (France Pass Rénovation) that combining delivery, management, monitoring

## SESSION I - FINANCE

### **EXPERIENCES OF PREFINANCING (PRE)FINANCING OPTIONS**

- 1) Loan from the bank
  - Pre-financing can be variable
  - Long-term loan fixed for 20-25 years
- 2) Funding to Community
  - Different payment options (personal loan or on bill)
- 3) **0% loan from Tisserin (interesting for Muslim communities) – no interest, but no long-term loan**  
 -> MEL will search for possibilities to increase Tisserin available funds to support more loans
- 4) Establish savings account during preparation phase with monthly fee (decision at first General Assembly)

How to implement financing solutions?

- **Provides Technical Assistance to citizens**
- Precondition is a real investment model established in the region : For each 10 EUR invested in Energy Efficiency, IHRS gains 1 EUR  
 ➔ **Tap into ELENA for financing home integrated renovation services (IHRS – Integrated Home Renovation Services)**

### **PUBLIC/PRIVATE FINANCING MODELS**

- **Energy Performance Contract +**
  - Design, audits, works, monitoring
  - **Different business models can be negotiated** -> MEL observe difficulties mainly on fragile condominiums for which new business models still have to be developed
  - Examples -> The most efficient model, suited to MEL context, still has to be identified
    - Energy Service Agreement (paid by performance)
    - Energy Guarantee Contract
    - Energy Savings Sharing
- Set-up, or support set-up, of service provider in MEL (references: Spain, UK, Latvia)
- **Potential collaboration on a Tender (ORENO)**
- 0% interest loan in France; dedicated guarantee fund (state guarantee) c. 150 Million EUR
- FEDER (ERDF) EIB Guarantee
- Energy Performance of Buildings Directive – new Social Fund, providing guarantees
- Own guarantee fund by MEL (such as fund with Tisserin, guaranteed by MEL)
- Local Climate Bonds (through crowd-funding platform)
- Climate City Contracts under the EU Mission: Climate-Neutral and Smart Cities

## **SESSION II – CO-OWNER ENGAGEMENT INVOLVING CO-OWNERS**

- Communication essential to let building owners know their options, in available subsidies, loans, credits, etc.

- Make it simple for them, with confident intermediaries – a management team that can provide technical, financial and economic guidance
- A single contact point – OSS or equivalent, to provide advice
- 'Non-violent' communication style: co-owners need to be approached as partners, not as targets
- Demonstration and pilot projects demonstrate potential – word of mouth between neighbours can do a lot
- Avoid siloed thinking – experts v. non-experts
- Must demonstrate a long-term vision for the region in communications, e.g., Navarra's renovation strategy and policy roadmap
- Streamline, where possible, administration procedures
- Particular consideration to be taken of vulnerable co-owners, especially elderly or low-income groups – take account of concerns (disruption to daily life, time from home, pets, possessions, etc.)
- Explain the benefit of preventative interventions, rather than response interventions
- Engagement activities (info-days, workshops, trainings)
- Don't wait for them to come to you – go to them (e.g., Mobile Green Office, Public Stalls)

## **INNOVATIVE PRACTICES**

- Nasuvina
  - Performs technical and economic preliminary studies and demonstration projects
  - Empower communities to participate in global intervention projects
- Southern Sweden
  - Handbooks for condominium owners
  - Workshops to work with the owners
  - Digital inclusion – monitor and demonstrate the whole way to show improvements
  - Demonstrate long-term savings with Life Cycle Costing (LCC), but also improvements to quality of life, health and safety
  - Map of renovations as cases studies – Klimatknuften

## **5. Possible calendar of implementation**

### **I / Financing strategy**

As a preliminary stage, MEL is preparing a strategy. This work is undergoing with the external support of Urbanis. It will include data on:

- The state of play of MEL housing energy performance status has to be defined. The existing framework contract with the CEREMA can be used with the objective to estimate the number of housing units in each energy performance category, and the required budget to renovate them.
- MEL renovation objectives. The targets are defined in collaboration with the Department Transition, Energy and Climate, as well as a roadmap.

### **Climate city contract**

The MEL vice-President in charge of Transition, Energy and Climate proposed that the Department Transition, Energy and Climate would work on preparing a MEL Climate Contract. (Proposal to the vice president of the MEL in charge of Climate, Energy Transition, Energy). The "Lille Bas Carbone" program of the City of Lille can be used as a source of inspiration.

### ***Integrated Home renovation Service - IHRS***

#### **ORENO – Call for project "Opérateurs ensemble de la renovation"**

The objective of the call is to build a financing package for IHRS. The applications will be assessed after three submission deadlines, two of them being already passed. The MEL will therefore focus on preparing an application for the third deadline, i.e. by 11 July 2024.

The application will be prepared with the support of Urbanis and CD2E (accelerator of ecological transition in Hauts-de-France).

Next steps:

- Preparation of an application for the ORENO call with the support of URBANIS.

Ressources required:

- Estimated staff time: 0.3 Full time equivalent (FTE)

**ELENA - European technical assistance facility for local energy efficiency projects**

→ Mid to long term objective

Using the Elena facility is related to financing solutions (presented below).

Already done: participation to Navara presentation on financing on 21 February to better understand example of how Elena is used.

Next steps:

- Make an appointment with EU officers to better assess how ELENA can be used in the framework of Amelio (work with Permanent Delegation)
- Check the possibility to set up an application using Region's support mechanism (FRAPPE)

Ressources required:

- Involvement of permanent delegation
- Estimated staff time: 0.5 FTE

**Financing**

**Human resources**

Working further on financing requires getting a better understanding of financing tools and possibilities. To acquire this knowledge, the housing department needs to work in close collaboration with the Finance department. Working with an apprentice or trainee with a finance background can help having an in-depth discussion to develop new financing products and opportunities. The trainee/apprentice could work on:

- Possibilities offered by the new law on collective loan, expected to be adopted in the coming weeks/months
- Possibilities to develop further 0% interest rates loan with Tisserin
- Guarantee funds provided by MEL
- Patronage solutions
- Local climate bonds

Next steps: contacting the Financial Engineering Department to discuss the possibility to welcome a trainee/apprentice on such issues and to define the working topics

**Financing solutions by the TISSERIN Group**

A first meeting with the TISSERIN Group took place in February 24 targeting the problem of condominium support. Several working issues were identified and discusses, as follows:

- Reactivation of the public aid advance fund of the AMELIO program -> to be further studied
- Presentation of a shared fund with TISSERIN and partners including MEL -> to be further studied
- Climate obligations: the Tisserin group has this possibility in its weaver status. A national expert Claire Dagnogo is currently working on this question, contracted by the French State -> waiting for the conclusion of this work
- Possibility that the "Tisserin fund" pays interest on loans contracted by the co-owners: this possibility is however not possible for the TISSERIN group. -> idea abandoned.
- Pledge the debt of the co-ownership by guaranteeing the energy performance: although interesting, this idea is currently difficult to implement -> not prioritized

**Patronage**

The MEL plans to work to find foundations and sponsors. For instance, they could support paying interest of loans for some energy retrofitting. Currently, there is no established partnership.

Possible foundations or sponsors from the metropolitan area: foundation Leroy Merlin (contributed to the foundation of the Lille Sustainable Housing house), foundation Entreprendre (MULLIER), etc.

→ Requires a political validation

### **Climate local bonds and green loans**

A meeting with the finance department is planned to discuss further the feasibility of such actions, which would fit with the MEL green budget ambitions.

→ Requires technical and political validation

## **II / CO-OWNER ENGAGEMENT**

### **"Change the law"**

Objective: simplifying the voting rules to increase condominium validation of renovation work.

→ Mid to long term objective

MEL took part in consultations on a draft law: *Condominiums and substandard housing*. We propose in this law the change of voting majorities. The proposed amendment was rejected end February.

To continue trying to push forward our ideas, we have identified the following lobbying solutions:

- Use existing networks/lobbies with existing relationship: France Urbaine - working group with public authorities and the Abbé Pierre Foundation
- Build on other recommendations, such as Quali SR s an association providing certification for syndics working to turn around fragile or distressed condominiums. (The 20 recommendations of Quali SR). MEL offers to share its experience with them so that their proposals can be taken up politically. -> need to develop relationship with Quali SR
- Take up the opportunity of a study carried out by ADEME on small co-ownerships on the evolution of co-ownership financing to share messages.

#### Next steps:

- Make an appointment with Audrey Linkenheld, member of the Senat and the bill's rapporteur, to present our ideas so that she can take them up directly.

### **Mobilization of small co-ownerships**

Concerning the mobilization of small co-ownerships, the MEL will strengthen its service offer by relying on its partners such as the communication agency "bien fait pour ta com".

The MEL had already embarked on an experiment to mobilize small condominiums with the ARC association (2020-2022) but also communities such as "Plaine Communes" in the Paris region. As a result, MEL has set up a network of volunteer syndics, a free project management assistance service and specific work grants.

### **Experimentation by ANAH**

ANAH (national housing improvement agency) launched a 1 year experiment in 2024 for specific financial aid for small condominiums of less than 20 lots. MEL contributes to this experiment through AMELIO. The experiment is on going and may be continued after 2024.

### **Work on speech**

- Creation of "typology" scenarios to consolidate the URBANIS discourse (work on housing typologies like the work of the HAUT DE France region on houses)
- Nonviolent Communication: training of AMELIO program facilitators. Work to be done with AMELIO project manager Dorothée JACQUINOT, on the MEL training offer.
- MEL gets closer to its partner "Échappée des copro", they have developed good practices and tools.
- « Voisin Malin » is a partner of the AMELIO program. He works animation of a communication campaign. (Animation component): training of AMELIO actors.

## **6. Conclusions**

This peer review enabled us to confront different points of view on condominium renovation. The European Metropolis of Lille is very interested in each participant's experiments and is committed to continuing the rich work of these two days.

The lessons learned are numerous. Selecting the relevant ones that can be implemented on MEL's territory and integrating them in the MEL policy requires some time and internal exchanges that are ongoing since the end of the peer review. This report presents avenues to be explored. Some will result in changes whereas other will be abandoned and new will emerge. The contacts made with the participants will be reactivated when needed to support the reflection on the ideas. The MEL will also participate in further exchanges with great pleasure.