Presentation of the new financial instrument for urban renewal
Agenda

1. Presentation of IFRRU 2020
2. Main Tasks in the implementation of IFRRU 2020
3. Planning IFRRU 2020
4. Goals to achieve
Main conclusions of ex ante evaluation

For the success of FI it will be important to ensure a straight answer for a new challenge for public administration:

- to lead, encourage, mobilize, facilitate and monitor,

- the importance of creating a specific structure to ensure this challenge

- the importance of creating a background of public funds, with a public agency with responsibility for urban renewal, IHRU

- the importance of the participation of the main public agencies and public actors, as DG Energy or the National Association of Portuguese Municipalities, in the Investment Committee.
Presentation of IFRRU 2020

Added value of a HF:

- a single HF can manage the resources from different OPs and MAs, achieving significant economies of scale and acting as centralised manager for payments and a catalyst in the investment process

- a single HF can be relevant to better cover regions with less potential for investors

- a single HF can be relevant to diversify a portfolio of investments and to promote an articulation between investment promoters and public authorities
Added value of a HF:

- the HF can be seen as a valuable temporary Technical Assistance structure, supporting the MA in the acquisition of sufficient skill and knowledge to manage and supervise the FI, throughout the investment life-cycle.

- the HF can ensure the best fit between the investment of the HF resources in the regional FI and the financial products offered by the FI to the urban projects, within the objectives of the investment strategy, with a view to stimulating co-financing by private operators.

- the HF can diversified investment frameworks, where several FI are in place and where the use of resources from more than one OP needs to be coordinated.
The Governance of IFRRU 2020 is settled down:

- In a Management Structure;
- In an Investment Committee.
Presentation of IFRRU 2020

The Investment Committee – Appraises and approves:

- Upon proposal of IFRRU 2020 Management Structure
  - The investment policy;
  - Selection by tender of the financial intermediaries (retail funds);
  - The business plans submitted by the applicants (management retail funds);
  - The strategy and the communication plan of IFRRU 2020;
  - The funding agreement between the Management Structure of IFRRU 2020 and the financial intermediaries;
  - The release of new phases of IFRRU 2020, as well as the performance evaluation;
  - The deliberation on increasing and decreasing the funds to be mobilized by IFRRU 2020;
  - The designation of external auditors and external accountant.
IFRRU 2020 management structure main tasks

• launching and managing tenders for selection of regional retail funds and respective financial intermediaries, and presents a proposal based decision on the regional retail funds to be selected to the Investment Committee

• preparation of operating agreements between the IFRRU 2020 and managing bodies of selected regional retail funds and subsequent submission for approval by the Investment Committee prior to its formalization;

• monitoring the implementation of operating agreements;

• provision of regular information to the Investment Committee on the implementation of operational agreements and on the performance of regional retail funds;
IFRRU 2020 management structure main tasks

• treasury management of IFFRU 2020;

• provision of technical assistance to the OP managing authorities within the collection of necessary information for presentation to the national and European authorities responsible for audit and control and monitoring;

• development of IFFRU 2020 strategy and the communication plan to propose to the Investment Committee, and their implementation, in coordination with the institutions represented on the Committee and the management bodies of regional retail funds;

• provision of technical assistance to the managing bodies of regional retail funds.
• Accomplishing the legal requirements

✓ entitlement to carry out relevant implementation tasks under Union and national law;

   Implementation under shared management through an entrusted entity
   Public-public cooperation non-institutionalised
   horizontal co-operation to jointly fulfil public tasks

✓ existence of an effective and efficient internal control system;

   separate accounts
   manual of procedures
   reconciliation between IFRRU 2020 bank accounts and accounting records
Accomplishing the legal requirements

✓ use of an accounting system providing accurate, complete and reliable information in a timely manner;

  accounting records for each IP/Axe/OP

  IFRRU 2020 fiduciary accounts on behalf of the managing authority

✓ robustness and credibility of the methodology for identifying and appraising financial intermediaries or final recipients as applicable;

  public procurement open procedure

✓ the level of management costs for the implementation of the financial instrument and the methodology proposed for their calculation;

  only real costs no fees
Accomplishing the legal requirements

✓ terms and conditions applied in relation to support provided to final recipients, including pricing;

    the financial advantage of the programme public contribution to the instrument shall be fully passed on to the final recipients

✓ the ability to raise resources for investments in final recipients additional to programme contributions;

FI at least double the IFRRU resources - condition to be included in the public procurement tender IEB and Council of Europe Development Bank
Accomplishing the legal requirements

- adequate capacity to implement the financial instrument, including organisational structure and governance framework providing the necessary assurance to the managing authority;

- Mission statement
- Code of conduct signed by all the members of the staff

Obligations relating to data protection, confidentiality and conflict of interest

Combination of competencies and knowledge between urban rehabilitation owned by IHRU with financial and EU funds management owned by IFRRU 2020
Critical steps for the establishment of a Financial Instrument

PROGRAMMING

1. Typologies of intervention
2. Financial products
3. Operational model of FI
4. Selection of the regional FI

Operational Programmes potential lenders + Others investors
Planning IFRRU 2020

Main conclusions of ex ante evaluation

Partnership agreement / Operational Programmes

IFRRU 2020 Strategy

National Strategy for Housing

Planning instruments PEDU / PARU / PAICD

PROJETO LEGO

Agosto 2013

Estritamente Privado e Confidencial
National policy for housing

**VISION:** ENABLE PORTUGUESE FAMILIES ACCESS TO HOUSING

<table>
<thead>
<tr>
<th>URBAN REHABILITATION</th>
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<tbody>
<tr>
<td>▪ Encourage long-term conservation of the building</td>
<td></td>
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<tr>
<td>▪ Reduce costs and simplify licensing for building rehabilitation</td>
<td></td>
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<tr>
<td>▪ Attract investment for the rehabilitation of the housing stock</td>
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</table>

<table>
<thead>
<tr>
<th>HOUSE RENTAL</th>
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<tbody>
<tr>
<td>▪ Streamline the rental market</td>
<td></td>
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<tr>
<td>▪ Integrate and enhance neighbourhoods and social housing</td>
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<table>
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<tr>
<th>QUALIFICATION OF ACCOMMODATION</th>
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<tr>
<td>▪ Contribute to social inclusion and the protection of the disadvantaged</td>
<td></td>
</tr>
<tr>
<td>▪ Meet the new social and demographic realities</td>
<td></td>
</tr>
<tr>
<td>▪ Promote the improvement of housing conditions</td>
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</table>
Rehabilitation and Urban Revitalization

Disadvantaged communities

Energy efficiency in private housing

Whole rehabilitation of private buildings for housing
Rehabilitation of neglected spaces and industrial units
Rehabilitation of public spaces with sufficient net income

Increased critical dimension
Simplified solution for beneficiaries
Reducing administrative burden on management structures

Complement the interventions of Urban Rehabilitation

Private property apartments

Planning IFRRU 2020

IFRRU2020

Whole rehabilitation of buildings for economic activity

Whole rehabilitation of buildings for economic activity

Estritamente Privado e Confidencial
Target areas

Inner-city
Urban Rehabilitation Areas:

- Historic centres
- Waterfront areas
- Regenerate abandoned industrial areas

- clear targeting of a well-defined area is the most efficient means of tackling urban deprivation.
## Resume of intervention of IFRRU 2020

<table>
<thead>
<tr>
<th>Lender OP</th>
<th>Interventions</th>
<th>Territory</th>
<th>Final beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(i) Whole rehabilitation of buildings, in particular in housing, trade or services or public equipment</td>
<td>PARU territory - Urban Rehabilitation Action Plan (Historic centres, waterfront areas and abandoned industrial areas)</td>
<td>Natural and legal persons; Public legal persons (condos, firms and private non-profit organizations)</td>
</tr>
<tr>
<td></td>
<td>(ii) Rehabilitation of neglected spaces and abandoned industrial units particularly for housing, for the use of public equipment, for trade and/or services;</td>
<td>PAICD territory Integrated Action Plan for Disadvantaged Communities</td>
<td>Natural and legal persons (condos and private non-profit organizations) of private law</td>
</tr>
<tr>
<td></td>
<td>Whole rehabilitation of buildings for housing (Private property apartments)</td>
<td>in PARU and PAICD territory if it has aimed at urban renewal</td>
<td>Private property apartments (excluding social housing);</td>
</tr>
<tr>
<td></td>
<td>those resulting from the energy audit</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Financial instrument for the urban rehabilitation and revitalization IFRRU 2020

- **Rehabilitation and Urban Revitalization**
- **Rehabilitation of buildings in Disadvantaged communities**
- **Energy efficiency in private housing**

<table>
<thead>
<tr>
<th>Lender OP</th>
<th>Regional OP</th>
<th>Regional OP</th>
<th>POSEUR e PORA</th>
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</table>

- **Territory**
  - PARU territory - Urban Rehabilitation Action Plan (Historic centres, waterfront areas and abandoned industrial areas)
  - PAICD territory Integrated Action Plan for Disadvantaged Communities

- **Final beneficiaries**
  - Natural and legal persons; Public legal persons (condos, firms and private non-profit organizations)
  - Natural and legal persons (condos and private non-profit organizations) of private law
  - Private property apartments (excluding social housing);
Planning IFRRU 2020

Regional Operational Programmes
ERDF

thematic operational program
SEUR
Cohesion Fund

EIB, CEB, Others

Contribution

PI 6.5

150 - 210 M

PI 9.8

PI 4.3

40 M

IFRRU 2020

Double European, BEI / CEB Funds
Regional Retail Fund
Regional Retail Fund
Regional Retail Fund
Regional Retail Fund

Public and private beneficiaries

separate accounts

EIB + CEB
Prioritizing financial products:

• Credit lines with funding from financial institutions and intervention of the OP, with the possibility of bonus guarantee fees.

   i. Credit lines for financing the investment of firms in the field of urban regeneration;
   ii. Credit lines for financing the investment of the public entities or private non-profit organizations in the field of urban regeneration;
   iii. Credit lines for financing the investment of individuals in the field of urban regeneration and energy efficiency in housing.

• Financial guarantees, through financial intermediaries as specialized agencies.
### Goals to achieve

#### Goals to achieve in 2023

<table>
<thead>
<tr>
<th>Goals to achieve</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve the urban environment, revitalize cities</td>
<td>Public buildings and commercial buildings renewed in urban areas (M2)</td>
</tr>
<tr>
<td></td>
<td>Houses renewed in urban areas (N.)</td>
</tr>
<tr>
<td>Urban regeneration for disadvantaged communities</td>
<td>Houses renewed in urban areas (N.)</td>
</tr>
<tr>
<td>Jobs created</td>
<td>2.000</td>
</tr>
</tbody>
</table>

#### Result

Increase at least in 2 levels the degree of satisfaction of the residents in areas with integrated urban development strategies
http://www.portaldahabitacao.pt/pt/portal/reabilitacao/ifrru/