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Regional development funding for energy efficiency investment in housing

All EU Member States and regions would be able to get EU regional development funding for energy-efficiency and renewable energy investments in housing, under rule changes set out in a draft EP legislative resolution on a proposed regulation amending European Regional Development Fund Regulation 1080/2006. The report was adopted with 629 votes in favour to 17 with 12 abstentions.

What's funded and where? - The rule changes would mean European Regional Development Fund (ERDF) money could co-fund national, regional or local authority schemes to install e.g. double glazing, wall insulation or solar panels in housing, or to replace old boilers with more energy efficiency ones, in all Member States. The ERDF currently funds such schemes only in the new (EU-12) Member States, and only in common parts of a building (or the entire building, if it's social housing), in deprived urban areas.

All Member States eligible - Broadening eligibility to the "old" Member States was the key aim of a May 2007 European Parliament resolution on housing and regional policy, but it took the "impetus" of the financial crisis to get it introduced throughout the EU. It is expected to help create jobs in the building trade, and, by reducing energy consumption, help to slow the rate of climate change. The changes do not increase funding or affect the Community budget, but they do enable Member States to shift their priorities in order to finance measures in this field.

The 4% ceiling - In each Member State, spending on energy efficiency improvements and the on the use of renewable energy in housing would be eligible for ERDF support, up to a ceiling of 4% of the Member State's total ERDF allocation.

New (EU-12) Member States will still be able to fund other types of housing expenditure under the existing ERDF rules (up to a maximum of 3% of the ERDF allocation to the relevant operational programmes or 2% of the total national ERDF allocation). Total spending on housing in the new Member States, under various rules, could therefore reach 6% of their total ERDF allocation.

Key rule change - The key legislative change needed - an amendment to ERDF Regulation 1080/2006 Article 7 ("Eligibility of Expenditure") was proposed by the Commission and backed in a co-decision report by Emmanouil Angelakas, (EPP-ED, Greece), adopted in committee on 9 March with 36 votes in favour and one abstention.

From "low income households" to "social cohesion" - Member States must define categories of eligible housing in national rules, in conformity with Article 56(4) of Regulation (EC) No 1083/2006, in order to support social cohesion. (The measure was first intended to apply only to "low-income households", but this caused problems because "low income"

Press release

definitions differ from one Member State to the next. The decision as to whether or not to support energy investments in buildings, in accordance with national rules, remains an exclusive competence of Member States.

New costs covered - Three new types of costs will be eligible for ERDF grants: indirect costs (up to 20% of the direct costs of an operation), flat-rate costs calculated using standard national scales and lump sums (up to €50,000). These options may be combined only where each covers a different category of eligible costs or where they are used for different projects within the same operation. This change is meant to simplify the declaration of expenditure, and enable public authorities to prepare projects and measures faster and more efficiently.

To ensure certainty as to the law, these new types of costs would be deemed eligible for ERDF funding with effect from 1 August 2006, when Regulation 1080/2006 entered into force.

Climate change - Buildings account for about 40% of final energy demand, and an estimated 40% of greenhouse gas emissions, in the EU. The Commission estimates that cost-effective energy savings in the building sector could reach 28% by 2020 (in turn reducing the EU's total final energy consumption by about 11% - COM (2006) 545 (19.10.2006).

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