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## **Announcement from the Danish Transport, Construction and Housing Authority**

In November 2017 the government reached an agreement with the mortgage banks about changes to the existing social housing financing model. The changes pertain to new and existing state supported construction loans as well as new and existing renovation loans supported by Landsbyggefonden.

Per the agreement, the state will provide a 100 per cent guarantee on loans and on the new social housing mortgage bonds. The new social housing mortgage bonds will be held in separate capital centres within the mortgage banks.

In accordance with the Social Housing Act (almenboligloven), the Minister for Transport, Building, and Housing will specify the type of state supported construction loans as well as the type of renovation loans supported by Landsbyggefonden.

Thus, it is decided that adjustable-rate mortgage loans with a 10-year interest fixing period will be used to finance loans granted under the new set of rules to the construction and renovation of social housing.

Moreover, the state expects to purchase the new social housing mortgage bonds and bonds issued by KommuneKredit for up to DKK 42.5 bn. (approx. EUR 5.7 bn.). In 2018 the state expects to purchase all the new social housing mortgage bonds.

Before the new social housing finance model will be implemented it requires an approval of the Finance Act of 2018 by a political majority in the parliament.

Yours sincerely

Lise Heinesen

Head of Division