



**Subsidy schemes for energy efficient
interventions in the multi-family housing stock in
Central and Eastern Europe**

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The need – characteristics of the market

- Multi-family buildings (mainly produced in mass forms of production, e.g. 85% in Slovakia) have severe deficiencies in respect to their technical parameters (200-250 KWh/m²)– however family houses usually have even worse energy parameters (400-550 Kwh/m²) while assisting them was less in the focus.
- District heating: (76%-44% of the multi-unit stock) - different from Armenia
- More or less liberalised energy prices: sharp price increase

	Hungary	Poland	Romania	Slovakia
Share of multifamily housing	38%	46%	43%	52%
Share of owner occupied housing	91.6%	82.4%	95%	90.5%

Romania



Hungary



State of the art – main programmes

**Nominal GDP/capita
in Armenia (2013):
1 740 Euro**

	Hungary	Poland	Romania	Slovakia
Nominal GDP/capita in euro (2013)	10 200	10 400	7 200	13 600
Subsidy content	<p>GRANT</p> <p>Initial setup: 33% state, 33% municipality</p> <p>Current setup: 50% state and optional municipal</p>	<p>BONUS TO LOAN</p> <p>tied to commercial loan not exceeding 16% of the renovation costs and 20% of the loan amount</p>	<p>GRANT</p> <p>Initial setup: 1/3 state, 1/3 municipal, 1/3 owners.</p> <p>Current: 50% state, 30% municipal grant, OR 60% state and EU + 10-30% municipal grant</p>	<p>LOAN OR GRANT</p> <p>Loan: Preferential interest rate 0-1.5% OR</p> <p>Grant: Initial: 30-50% grant Current: 70%</p>
Starting date	2001	1999	2009	1998
Number of dwellings affected	appr. 350.000 units	appr. 27 600 buildings	appr. 110.000 units	appr. 300.000 units
Funds spent	€ 300 million (for the state grant excluding municipal contribution)	€ 350 million (for the bonus given to the loans)	€ 247 million grant (state +EU) excluding the municipal contribution	€ 110 million for grant and € 650 million for loan (state + EU)

Main models of subsidy schemes

Assisted model:
HOAs are strongly assisted, financial institutions have a minor role

Market model:
HOAs are preparing and implementing the projects, financial institutions have a decisive role



Evolution

- 3-5 years introductory period
- Slightly decreasing subsidy levels and amounts devoted to this purpose (financial crisis?);
- Intensive use of EU funds as complements/alternatives of domestic funds
- Increasing technical requirements regarding the complexity of interventions and the expected energy savings;
- Increased importance of quality control;

Success factors

- Advanced institutional and economic background (GDP level, HOA legislation, financial institutions, energy price setting mechanisms)
- Mostly stable subsidy schemes
- Scale effect – became fashionable
- Part of the local political agenda
- Development of loan products

SWOT

Strength

- Reaching about 15-25% of the multi-family housing stock
- Accelerating the commercial loan market

Weaknesses

- High transaction costs
- Frequently trade off between financial savings and comfort
- Low income households were hard to reach (increasing financial burden on short run)
- Torsions in the renovation market (price increase, cartel)

Opportunities

- Increasing number of renovations without subsidies
- Targeted schemes (?)

Threats

- Segregation inside the sector
- Subsidy dependency (mainly in countries with hectic subsidy schemes)