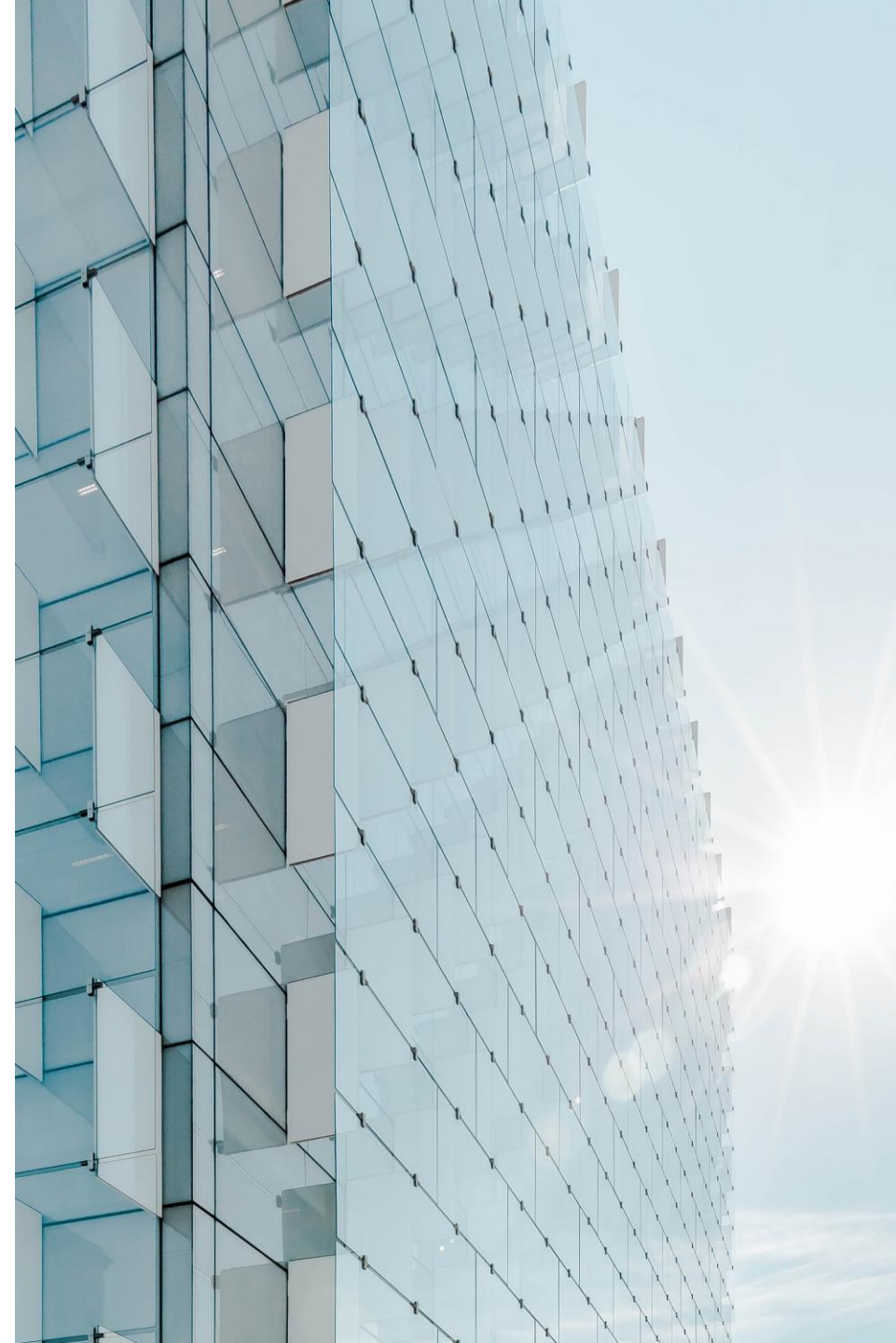


SUPPORT FOR IMPROVING THE ENERGY EFFICIENCY OF MULTI-APARTMENT RESIDENTIAL BUILDINGS

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LATVIA'S CURRENT BUILDING STOCK & ENERGY PERFORMANCE

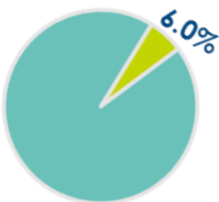
Latvia has ~**1.37 million buildings** with a total floor area of 204.7 million m²

Residential buildings = 45% of total floor area

	Residential buildings	Numbers	Million m ²
	Single-family houses	309 929	36.5
	Two-family houses	13 938	2.2
	Three-or-more-family houses	39 477	51.55
	Shared housing for various social groups	647	0.83

A large share of buildings **is over 25 years old**; only 10–15% built in the last 10–15 years.

Most residents live in multi-apartment buildings with low energy performance (typically, **Class E–F**).



Only ~6% of Latvia's apartment buildings meet thermal performance standards

At least 26 600 of these buildings require renovation to meet energy-efficiency and climate targets.

To date, only **around 4%** of the required renovations have been completed.

Residents spend **€360–390 million per year** on heat energy.

Since 2017 the average renovation **cost per m² has increased by 127%**.

Minimum required energy performance

(depending on construction year and size)

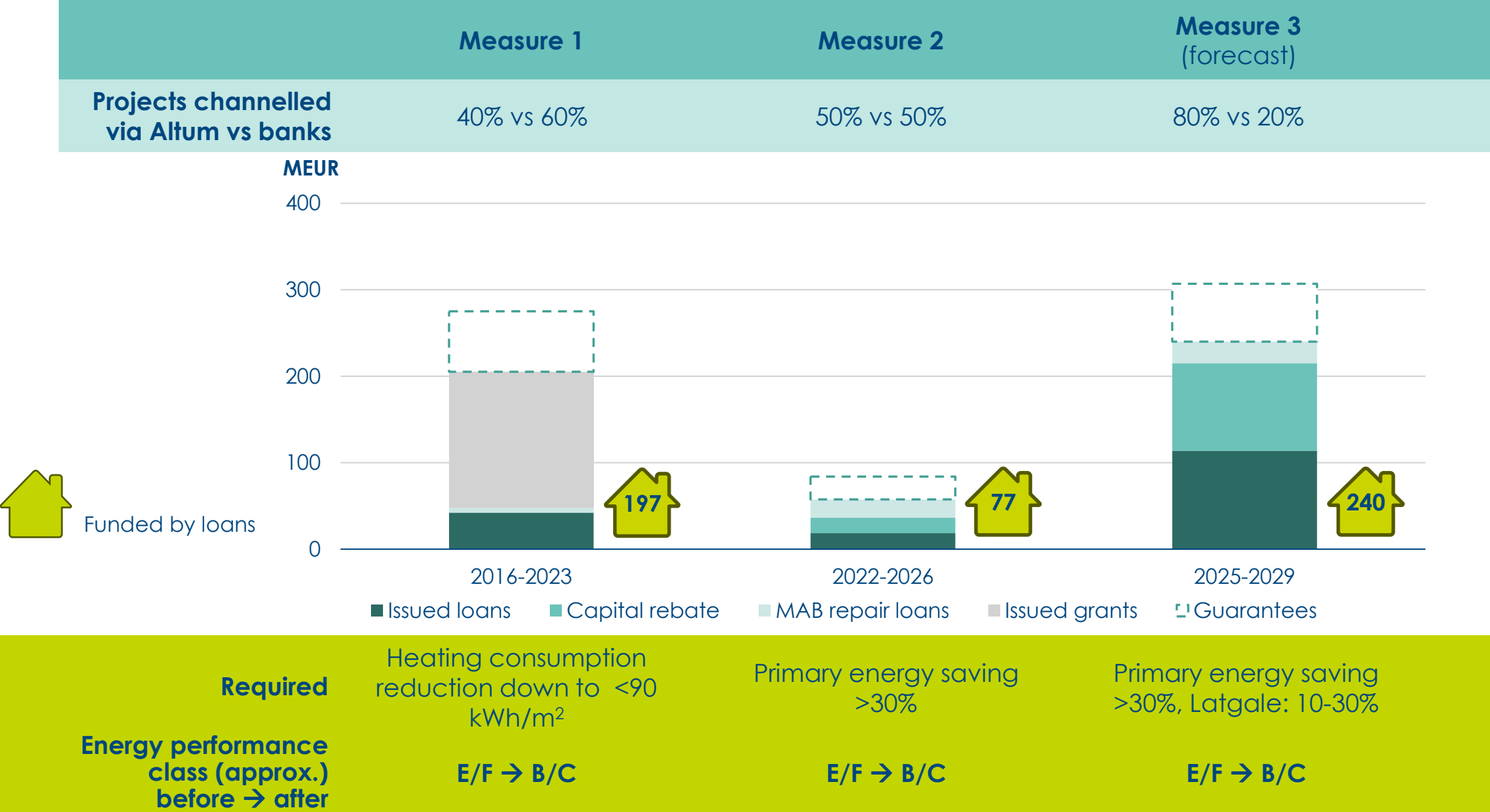
For renovated buildings
multiapartment buildings **≤ 80 – 90 kWh/m²**

For new buildings
from 2021 = **nearly zero-energy building (nZEB)** (if it is financialy viable)

ENERGY EFFICIENCY PROGRAMS FOR MULTI-APARTMENT RESIDENTIAL BUILDINGS

2007–2013	2014-2023 Measure 1	2022-2026 Measure 2	2021-2027 Measure 3
- ERDF Grant - Latvian Investment and Development Agency	- ERDF Grant + Financial Instrument (direct loan or loan guarantee) - EUR 157m / 37m 623 buildings - Altum	- RRF combined financial instrument (direct loan or loan guarantee + capital rebate) - EUR 57 m 136 buildings - Altum	- ERDF combined financial instrument (direct loan or loan guarantee + capital rebate) - EUR 173m 300-350 buildings - Altum
Regulations	Link	Link	Link

EVOLUTION OF MEASURES



DESCRIPTION OF MEASURE 3 (UNDER IMPLEMENTATION)

Eligibility for capital rebate

- The building has at least 3 apartments
- Majority vote
- Outstanding utility payments over the past 12 months do not exceed 10% of total invoiced amounts
- A valid energy performance certificate (conforming at least 30% primary energy savings, or a minimum of 10% in the Latgale region)

Programme (loans + guarantees) KPI's



10 563 households (1 597 households at risk of energy poverty)



Savings of 21 162 MWh/annually



at least **10 pre-fabricated timber frame** projects

Eligibility costs



Construction works in enclosing structures and common areas, including elevator replacement



Upgrade, redesign, or installation of **technical systems**



Acquisition and installation of **micro-generation power equipment**



“Do No Significant Harm”, “Climate Proofing”, and “Energy Efficiency First” measures **NEW**



Additional measures aimed at **increasing energy efficiency** and support long-term **sustainability**



Project management, design supervision, and construction supervision, as well as preparation of technical documentation



Value Added Tax (VAT) **NEW**

PROJECT EXAMPLE

- Implemented under **Measure 2**
- Edgara Kauliņa aleja 9 in Lielvārde city
 - 18 apartments
- The total costs: **€546,000**:
 - €443,800 eligible expenses
 - €95,000 non-eligible expenses
- A capital rebate of **€217,500**
(49% of eligible costs)
- Loan repayment term is **20 years**.
- The planned annual energy savings are **54.5%**.

Achievements:

- Improved the **quality of life** for residents
- Substantial **savings** on energy resources
- Increase in property value.
- Capital rebate reduced payment per square meter **from €2.47 to €1.26**



- Waterproofing and insulating the foundation
- Insulating the facade and window niches, replacing windows in apartments and stairwells;
- Insulating and restoring the roof, along with installing roof hatches;
- Insulating the basement ceiling
- Modernizing the entire heating system, including equipping radiators with allocators and thermostats;
- Cleaning ventilation ducts and equipping windows with air vents;
- Cosmetic renovations to the stairwell and installation

KEY CHALLENGES

Increasing renovation costs

(127% since 2017)

- Pre-fabricated panels
- Continuous deal flow (also between planning periods)

Low activity without grant support

(due to long pay-back period)

- Setting appropriate capital rebate limit
- Interest rate subsidy (?)

Collective decision making of apartment owners

- Changes of normative acts
- New IT tools for remote decision-making

Administrative and technical complexity

- Standardization
- Technical assistance
- Professional project managers

Some issues for discussion:

- How to scale-up volumes? Can it be self-sustainable (tax payments -> capital rebate)?
- What is the lowest capital rebate limit? Should it regionally adjust?
- Are construction companies ready to increase operations, if there are more deals?
- Single window or commercial banks servicing the apartment owners/authorized persons?
- Operation through the Authorized person or contracts with each apartment owner separately?
- What buildings are excluded?
- How is support provided to socially vulnerable apartment owners? Would it cover 100% of costs?
- How to keep prices low?
- What is minimum criteria for eligibility, e.g., energy savings at least 30%?
- How to convince apartment owners to proceed with renovation (no financial benefits for 20+ years)? *Stick-and carrot* approach?



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