



# Existing and future financial instruments to be used for modernisation of multi-family buildings

**Simona Irzikeviciute/Dovile Pauplyte**

Housing and Urban Development Agency (HUDA)

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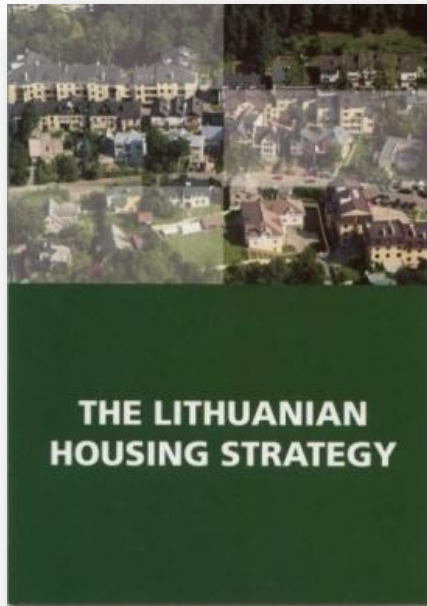
# Basic facts about Lithuanian housing

- population <3,37 mln.
- more than 38,000 multi-family buildings
- more than 800,000 apartments
- 66 % of population lives in multi-family buildings built until 1993
- *Structure of buildings by years:*
  - 26 % built before 1960
  - 65 % - 1960 – 1990
  - 9 % - after 1990

# Administration of multi-family buildings in accordance with civil code

- **Multi-family buildings' maintenance and administration are compulsory:**
  - by establishing Home owners associations (~17 proc.)
  - by creating a Joint activity agreement (~3 proc.)
- **If there is no established home owners associations or created a joint activity agreement, the municipality shall appoint the administrator of a multi-family building for maintenance and administration (~80 proc.)**

# Lithuanian housing strategy



## Main goals are:

Expand housing options for all social groups

Strengthen the capacity of the housing sector in the housing market

**Ensure effective use of existing housing, maintenance, upgrading and modernization, including the rational use of energy resources**

approved at January 21, 2004 by the  
Lithuanian Government  
English version available  
on the internet site [www.am.lt](http://www.am.lt)

Program for refurbishment of multi family buildings (new version approved at  
20 September, 2009)

Program for social housing development (approved at 5 July, 2008)

# Modernisation of Multi-apartment buildings scheme in Lithuania is funded

- **State budget support (through Housing and Urban Development agency (HUDA) within the Programme for Modernisation of Multi-Apartment Houses);**
- ***JESSICA instrument (Joint European Support for Sustainable Investment in City Areas);***
- **The EU Structural Funds' support (several OP).**

# Program for modernisation of multi-family buildings

- Supported implementation of energy efficiency measures
- After modernization possibility to reduce energy consumption till 50 %
- Multi-family buildings built before 1993 are eligible to participate

By implementing of the Programme also are solved environmental protection issues (reduction CO<sup>2</sup> emission, urban environment, cities regeneration plans, etc.)

# Program participants

- **Apartment owners**
- **Housing and Urban Development Agency**
- **European Investment Bank (based on the agreement as JESSICA Holding Fund operator)**
- **Municipalities**
- **Commercial banks**
- **Housing administration companies**
- **Engineering consultant companies**
- **Contractors**
- **Etc.**

# JESSICA holding fund

**JESSICA (*Joint European Support for Sustainable Investment in City Areas*)** is an initiative of the European Commission in cooperation with the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB), in order to promote sustainable investment, and growth and jobs, in Europe's urban areas.

The idea of creating the Financial Instrument by using JESSICA was started in 2009 spring, after the agreement between EIB and Lithuania was signed.

**Lithuania – one of the first countries in the European Union which uses the initiative of JESSICA for the improvement of energy efficiency in multifamily buildings**



# JESSICA holding fund

The contribution invested into the JESSICA Holding Fund is EUR 227 mln. (784 mln. Lt) and it consists of:

- European Regional Development fund (EUR 127 mln.)
- National funding (EUR 100 mln.)

EIB has to date distributed 16m € to Šiauliu bankas, 12m € to Swedbank and SEB during the spring of 2011.

# State support

- **100% (till 2013-12-31) support for technical documentation preparation and for expenses of supervision of works if D class according to Energy Performance Certification classification will be achieved; After 2013-12-31 the support will be 50%;**
- **15 % support for energy efficiency measures implementation if D class and 20 % energy savings (according to Energy Performance Certificate classification) are achieved;**
- **100 % support for low income families;**
- **long term (20 years) credit with fixed interest rate (3%) for the implementation all modernization measures**

# Activities. Approved legal acts.

- **The Law on the State support for the acquisition or rent of housing and for the modernization of multi family buildings of the Republic of Lithuania (17 July, 2009);**
- **Resolution No. 1213 of the Government of the Republic of Lithuania regarding the Approval of the Program for the renovation (modernization) of multi-family buildings (new version approved 20 September, 2009)**
- **The Rules of State support for the renovation (modernization) of multi family buildings, approved by the Government of the Republic of Lithuania (16 December, 2009)**
- **The Description of the procedure for the preparation of modernization projects for multi family buildings, approved by Minister of Environment of the Republic of Lithuania (10 November, 2009)**
- **The description of the procedure of payment of credit and interest taken for the renovation (modernization) of multi family buildings for low income families, approved by the Minister of Environment and the Minister of Social security and Labor of the Republic of Lithuania (13 November, 2009)**

# Activities. Promotion

- **Housing and Urban Development Agency implemented more than >20.000 consultations, organised > 200 seminars and training activities, is preparing typical technical project for housing refurbishment in order to lower the preparation costs of such documents, several studies were made (including the opportunity study on the usage of renewable energy sources within housing refurbishment, monitoring of the implemented projects, recommendation plan for the buildings to be modernised in the first place, etc.)**

## So far...

- **HUDA approved 76 IP with total planned investments – 16.903.655,2 Eur;**
- **39 HOA/Administrators applied for credit;**
- **8 credit agreements were signed (ŠB, SWED);**
- **Total amount of credit agreements -1.106.235,45 Eur;**
- **Approved (not yet signed) applications for credit - 605.768,06 Eur, 2 applications are under evaluation;**

## So far...

### Vaišvilos g. 9, Plungė

5 floors, 50 apartments.

Built in 1978 m.

Total heated area – 2 590,16 m<sup>2</sup>



### Implemented measures:

Heating and hot water system upgrading; replacement of windows and exterior doors; roof insulation; wall insulation; basement ceiling insulation; insulation of base; drinking water pipelines and equipment replacement; repair works of sewage system; floor insulation on the ground; electrical wiring repair works; stairwell repair works

**Investments – 385.319,16 EUR**

## So far...

**Completion date – September 20, 2011**

**Energy efficiency class (according to Energy Performance Certification classification) before refurbishment (modernisation) – E, planned value – C, Achieved value – B;**

**Energy consumption before modernisation - 293,94 kWh/kv.m**

**Energy consumption after modernisation - 121,01 kWh/kv.m**

**Energy savings - 58,83 (%)**

## Drawbacks

- Programme for modernisation of multi-apartment buildings is insufficient to attract home-owners implement higher energy efficiency measures;

## Expectations

- 15 % additional support from Climate Change Special programme of for energy efficiency measures implementation if not less than 40 % energy savings are achieved;



## Drawbacks

- In accordance with Article 54(5) of Council Regulation (EC) No. 1083/2006, as amended, an expenditure co-financed by the European Union Structural Funds shall not receive assistance from another Community financial instrument.

## Expectations

- Intentions to use JESSICA and FP7 fund to implement integrated demo project in Birštonas.

# Expectations

- **Intentions to use JESSICA, municipal and Private investments for an integrated urban quarter refurbishment;**
- **Intentions to use JESSICA as well as the Fund allocated for the decommissioning of the Ignalina nuclear power station (2007-2013) to implement demo project and modernise >90 % of Visaginas city multi-apartment buildings. The decision to initiate the programme has to be taken by city municipality municipality.**

# Thank you for your attention