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Energy renovation of multi- apartment buildings in Europe

November 2024

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Executive summary

Multi-home apartment buildings constitute a significant portion of the UK's housing stock, making their energy renovation pivotal for achieving the UK's long term climate objectives. To date there has been an absence of UK policies and support programmes aimed at overcoming the specific challenges faced with the energy renovation of these buildings. Multi-home apartment buildings also make up a significant part of housing across Europe. And, similar to the UK, this housing stock is ageing and in need of energy renovations.

To meet the EU's 2050 net zero target, annual renovation rates in Europe must increase from the current 1% to 2.5% by 2030, according to the IEA¹. While there's considerable work ahead to achieve these targets, it's encouraging to see that other European countries are actively addressing this challenge. In many cases, they're implementing policies aimed at the renovation of multi-apartment buildings within their national renovation strategies. This report reviews policies and support programmes from the Netherlands, France, Spain, Estonia, and Latvia, focusing on energy renovation of multi-home apartment buildings. These programmes are developed in countries that face similar challenges to those in the UK. This report aims to extract valuable lessons to inform the policy approach across England, Scotland, Wales and Northern Ireland.

Key findings indicate that there's a need to support owners of apartments in England, Wales and Northern Ireland to navigate the complexities of property law. This will enable them to understand if and how they can gain more control of energy renovation decisions in multi-apartment buildings.

In Scotland, there's a need for:

- A clearer framework to guide collective decision-making among groups of apartment owners to make it easier for them to carry out whole-building renovation projects.
- Offering apartment owners a combination of government grants and low-cost loans that are specially designed for groups of apartment owners acting collectively.

¹ IEA, Building Envelopes, July 2023 [link](#)

- Support schemes that include technical advice to help owners navigate the complexity of apartment renovations. These schemes would have a strong focus on supporting groups of owners with reaching consensus and taking collective decisions.
- Supportive policies and programmes that are inclusive and acknowledge the varying income levels among apartment owners in a single building. These programmes would also provide extra assistance for low-income and vulnerable owners.

Recommendations include:

- developing targeted support policies and programmes
- creating an enabling framework for collective action among apartment owners
- delivering comprehensive support schemes tailored to the contexts of England, Wales, Scotland and Northern Ireland

The recommended support schemes should offer support navigating legal barriers and combine financial support with technical advice, project management, and impartial financial guidance. This report underlines the importance of specialised policies and support schemes aimed at apartment owners to significantly accelerate the decarbonisation of this type of building stock across the UK.

Version control

Version number	Purpose/Change	Author(s)	Date
1.0	Published version	A Threpsiadi	14/11/2024

1. Acknowledgements

We'd like to thank [European Energy Network Buildings WG](#) and Rui Fragoso at [ADENE](#) for their support in this research.

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2. Introduction

Buildings in Europe are the largest consumers of energy, contributing to approximately 40% of energy usage and 36% of energy-related greenhouse gas emissions. Heating, cooling, and domestic hot water accounts for 80% of a person's energy consumption on average. This is partly because of the age of the building stock. Across the EU, 85% of buildings are over 24 years old, and 75% of those buildings are energy inefficient.

Apartment buildings make up a significant proportion of housing in Europe. In 2022, 47.5% of the EU population was living in an apartment, and in cities this goes up to 72% (Eurostat, 2023²). While the proportion of people living in apartments can vary between EU Member States, some of the countries with the highest share are:

- Spain (66%)
- Latvia (65%)
- Germany (63%)
- Estonia (61%)

In comparison, according to the 2021 UK Census, 21.7% of all UK households were in apartments. However, there's variation across the four nations. Scotland has the highest proportion, with 36.4% people living in apartments³, followed by England with 22.2%, Wales with 12.5%⁴ and finally Northern Ireland with approximately 9%⁵.

The energy renovation of apartment buildings will play a crucial role in achieving both the EU and UK's climate objectives. Improving the energy performance of existing buildings will significantly reduce energy consumption, lower greenhouse gas emissions, enhance energy security and reduce energy bills. Moreover, energy renovation has the potential to:

- stimulate economic growth
- create employment opportunities

² Housing in Europe, Eurostat, 2023 [link](#)

³ Scotland Census 2011 – [link](#)

⁴ Housing, England and Wales: Census 2021 – [link](#)

⁵ Northern Ireland Housing Statistics 2022-23 – [link](#)

- improve the quality of life for people living in apartments by ensuring better comfort and health.

2.1. The EU policy context

The EU Green Deal is the European Union's overarching plan for achieving carbon neutrality by 2050. Part of the legislative framework in place to achieve this goal is the Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED).

The EPBD aims to improve the energy performance of new and existing buildings and sets out that by 2050 all existing building stock should be transformed into zero-emission buildings. The directive currently requires EU countries to set minimum energy performance requirements for existing buildings undergoing major renovation. In 2023, the EPBD was revised to accelerate the renovation of existing buildings. It now requires EU countries to reduce the average energy consumption of residential buildings by 16% by 2030 and by 20–22% by 2035. It also states that 55% of the energy reduction must come from renovating the country's worst performing buildings⁶. These are defined as "the 43% of the building stock with the lowest energy performance"⁷. The directive gives national governments the flexibility to decide which policy measures are best suited to their country's context, which they must outline in their national long-term strategy. The EPBD doesn't have specific targets for multi-apartment buildings, but some countries have indicated specific plans for these in their national strategies.

Running in parallel with the EPBD is the EED, which aims to improve energy efficiency and reduce carbon emissions across all sectors, including buildings and transportation. The EED requires EU countries to:

- Take steps to remove legal barriers that make the energy upgrades of multi-apartment buildings challenging, such as the split incentive between tenants and landlords.
- Simplify administrative processes and national rules that regulate the decision-making process in multi-apartment buildings.

⁶ European Council, 7 December 2023 – [link](#)

⁷ European Commission, Revised Energy Performance of Buildings Directive (EPBD), 12 April 2024 – [link](#)

- Make it possible for people living in apartment buildings to access third-party financing.

In recent years, EU countries have put in place initiatives to meet these targets and through the research for this report, we've identified that many EU Member States now have policies that specifically target multi-apartment buildings. EU Member States have been making efforts to accelerate energy renovation efforts by:

- offering financial support through subsidies and loans
- offering advice and technical support on renovation projects
- enhancing public awareness through information campaigns
- streamlining the administrative process for apartment owners seeking to renovate, by removing regulatory and legal barriers
- removing some of the risks of collective financial borrowing

Therefore, there are some useful lessons that the governments of England, Scotland, Wales and Northern Ireland can learn from the approaches and strategies these countries have deployed.

2.2. Policy context across the nations of the UK

The policy context and the approach taken to encourage the energy renovation of multi-apartment buildings differs across England, Scotland, Wales and Northern Ireland. The differences in property law across the nations present different challenges to implementing whole apartment building renovations. Most apartments in England, Wales and Northern Ireland are leasehold properties and the legal system is similar. However, the respective governments have their own legislative frameworks for housing, so there are some differences. Conversely, apartments in Scotland are freehold, meaning individual ownership extends to the land on which the building is located.

In England, Wales and Northern Ireland, it's typically the freeholder who owns the communal parts of a building, and leaseholders pay service fees for upkeep and maintenance. While leaseholders have control over most aspects of their individual apartments, alterations to communal aspects of the building need permission from the freeholder. The Commonhold and Leasehold Reform Act (2002) and the recent Leasehold and Freehold Reform Act (2024) ⁸, however, are

⁸ Parliamentary Bills, Leasehold and Freehold Reform Act – [link](#)

in place for leaseholders wanting to make energy efficiency improvements at a building-level. In Scotland, the communal areas of multi-apartment buildings are normally collectively owned by the apartment owners. There is typically a Deed of Conditions, within the title deed, which describes the owners' responsibilities in terms of maintenance of the building⁹. Where there are gaps in title deeds¹⁰ a group of owners can appoint an external party, known as a factor, to manage the maintenance of the building. Owners can also maintain a Building Reserve Fund (BRF), which is a shared fund to cover the costs of ongoing maintenance.

There are no specific policies aimed at the energy renovation of apartment buildings in England, Wales or Northern Ireland. However, in recent years, the Scottish Government has taken steps towards removing some barriers to make energy renovations of these buildings easier to undertake. In March 2018, the Scottish Parliamentary Working Group on Tenement Maintenance convened to recommend actions that would remove barriers and support the maintenance of tenement buildings. In May 2019, the group published its final recommendations for mandatory owners' associations, building reserve funds (BRF) and building surveys. In response to these recommendations the Scottish Government undertook several actions in 2022. This included asking the Scottish Law Commission to make recommendations for legislative reform to establish compulsory owners' associations in tenement properties. The Scottish Law Commission published a Discussion Paper in April 2024 that sets out their provisional proposals for the introduction of owners' associations. The Scottish Government also commissioned research that was published in February 2023 to allow them to 'make a determination on the required level(s) of monetary commitment from tenants/landlords in relation to BRF'¹¹ ¹². The Scottish Government has also taken forward work on decarbonising the heat supply and improving the energy efficiency of tenement buildings.

⁹ Consumer Focus Scotland, Common Sense, Common repair – [link](#)

¹⁰ Mygov.scot, Tenement Management Scheme, May 2018 – [link](#)

¹¹ Provision of Building Reserve Funds (BRF) for Tenement Dwellings – [link](#)

¹² Scotland Law Commission, April 2024 – [link](#)

Specifically, the Scottish Government convened a short life working group and tasked them with:

- making recommendations on the best approach to decarbonise the heat supply of tenement buildings
- achieving a good level of energy efficiency in such buildings¹³

The group reported in November 2023.

2.3. Issues with apartment building renovation

The renovation rate of apartment buildings in the EU is currently low. Although there are no overall figures of annual renovation rates of multi-apartment buildings across Europe, we know that on average only about 1% of the building stock undergoes an energy renovation each year. The annual rate of deep renovations, which significantly improves a building's energy performance, is even lower at just 0.2%¹⁴ of the building stock per year. The slow renovation rate of multi-apartment buildings in Europe could partly be due to the same renovation challenges single home buildings also face, such as high-upfront costs. The ownership structure also creates difficulties in coordinating renovation plans and decision making. Apartment blocks tend to be larger structures, where the needs of multiple apartments must be considered. They have shared infrastructure such as plumbing and electrical systems and often have communal areas. In some cases, there are communal heating systems and ventilation systems, which can make planning a renovation project more complex, requiring specialist knowledge

The governments of the UK also face these challenges with the renovation of the apartment building stock across England, Scotland, Wales and Northern Ireland. Exploring the approaches used by other European countries to accelerate energy renovations of these types of buildings offers valuable insights to inform the development of more effective policies and support programmes across the four UK nations.

¹³ Scottish Government, November 2023 – [link](#)

¹⁴ BPIE, Deep Renovation, November 2021, [link](#)

3. Scope of the report

3.1. Energy renovation of residential apartment buildings

This report focuses on policies that encourage the energy renovation of residential apartment buildings. This refers to measures that reduce the energy demand of buildings and integrate systems for renewable heating and cooling and for the generation of electricity from renewable sources. This can involve measures such as:

- insulation
- upgrading inefficient heating and cooling systems
- installing energy-efficient windows and doors
- installing ventilation systems
- installing renewable energy technologies such as heat pumps and solar panels.

The goal of energy renovation is to reduce energy consumption, decrease greenhouse gas emissions, reduce household energy bills and improve health and comfort for residents.

3.2. Policies that target multi-apartment buildings

The focus of this report is on policies and support programmes that target the renovation of multi-apartment buildings. These are residential buildings, or mixed residential and commercial, that contain multiple separate homes within a single structure. They're also referred to as multi-family buildings, multi-home buildings, apartment buildings or blocks of flats. This report uses the term multi-apartment buildings.

This report includes policies that target:

- Multi-apartment buildings of all sizes, so those that have two or more separate living units.
- Whole apartment buildings, as well as those that target single apartments within a building.

Only policies that specifically target the energy renovation of residential (or mixed) apartment buildings are included in the review. The policies may have a wider remit and apply to residential buildings more broadly but they need to

also include a specific focus on apartments. Policies that target commercial buildings, non-domestic buildings or other multi-storey buildings exclusively aren't included.

3.3. European policies and programmes

A total of 46 policies and initiatives from countries across Europe, both inside and out of the European Union, were identified. From these, we've selected five policies for inclusion in this report based on relevance to the constituent nations of the UK. The selection is based on whether the policies or initiatives address some of the same challenges as in the UK or are seen in countries with comparable building stock and climate with the UK. This is also dependant on whether there's sufficient detail and evaluation data available.

4. Overview of the challenges with the energy renovation of apartment buildings

The common barriers identified in this review, in the energy renovation of multi-apartment buildings across the UK and Europe are as follows:

Leaseholder rights to alter a building: In England, Wales and Northern Ireland most apartments are leasehold. This means owners either need permission from the freeholder of the building to make alterations to the communal elements or can't make changes at all. This challenge is unique to England, Wales and Northern Ireland since other European countries have systems where people have full ownership of their apartment and joint control over the communal parts of the building. Although the Commonhold and Leasehold Reform Act, which came into English and Welsh law in 2002, introduced a new type of ownership that allows people to own apartments on a freehold basis, commonhold apartment buildings aren't widespread¹⁵. The 2002 reform act also introduced the Right to Manage (RTM), which allows leaseholders in England and Wales to form an RTM company. This lets them take over the responsibility of collecting service charges and maintaining the communal areas and structure of the building¹⁶. However, this too hasn't become widespread owing to numerous issues, including freeholders blocking attempts by leaseholders to exercise this right¹⁷. Therefore, the leasehold system, which is the most common form of apartment ownership in England, Wales and Northern Ireland, limits what leaseholders can do to proactively engage with any type of building renovation project.

Navigating the legal complexity of ownership laws: Property law of apartments in the UK is complex and it differs across the four nations, creating a more fragmented landscape. Within the leasehold system in England, Wales and Northern Ireland it's often challenging to disentangle the responsibilities of freeholders and leaseholders regarding building works. Changes in the law such as the introduction of the Commonhold and Leasehold Reform Act in 2002 in England and Wales gave leaseholders more options to take responsibility of their buildings. However, the small number of leaseholders exercising these rights indicates that there are barriers in doing so. These issues make it hard for

¹⁵ Law Commission – Commonhold - [link](#)

¹⁶ UK Government – Right to Manage: a guide for landlords - [link](#)

¹⁷ House of Commons Library – Leasehold and commonhold reform, Sep 2023 - [link](#)

people to navigate the legal complexity of apartment ownership. This means that some leaseholders may not fully understand their rights and options available without legal advice or are deterred by the effort and time required.

Single apartment vs whole building renovation: Renovation works to a single apartment can be easier to implement but deeper energy retrofit measures, such as external wall (façade) insulation, would typically be done on a whole-building level. Furthermore, some apartment buildings have communal areas and communal systems, like heating systems and ventilation systems. These need to be tackled at a building level and are more complex to replace.

Assessing the energy performance of a multi-apartment building as a whole:

Knowing what measures would improve the energy performance of a building requires an EPC or other form of assessment. None of the constituent countries of the UK have a regulated framework for the energy assessment of a multi-apartment building as a whole. Not having an assessment report with clear recommendations of how the energy performance of a building can be improved creates a knowledge gap among owners.

Technical complexity: Retrofitting apartment buildings can be technically challenging. It can be more time-consuming and requires lengthy planning due to the size and complexity of the building. This means people living in apartments need more specialist advice and guidance to understand what they can do to improve the energy performance of their building.

Collective decision-making and coordination between owners: Where apartment owners have freehold ownership of their building, as is the case for the majority in Scotland, making joint decisions is difficult. A decision to renovate the communal features and areas of an apartment building is challenging, because it requires consensus among all owners. There could be:

- varied views on what works are needed
- differences in the perceived benefits of the renovation
- different concerns about risk
- or disagreement on how the costs are distributed.

Even after a decision is made, good coordination and planning between owners can be difficult to achieve and can lead to delays in the renovation process. Support programmes for the energy upgrades of apartment buildings across Europe have tended to focus on financial incentives. However, the owners'

decision-making process and the ability of owners to act collectively is thought to be a more significant barrier¹⁸.

Financial barriers: One of the challenges with the energy renovation of apartment buildings is the high upfront cost. Owners often lack the financial resources to invest in these upgrades. The payback periods tend to be long, which makes the investment less appealing. And even in cases where measures are cost-effective in the long-term, the financial barriers can be overwhelming¹⁹²⁰. Furthermore, there are limited private financing options for groups of owners seeking loans.

Owners with different income levels: In a building with multiple owners, there are likely to be people on varying income levels. This makes it challenging to ensure that the cost of an apartment building's energy renovation, which could be significant, doesn't overburden some owners. Furthermore, if some owners can't contribute to the renovation costs of the whole building, it could prevent the group from reaching an agreement. This in turn could stop the renovation works from happening.

Split incentives: This tension arises when tenants stand to directly benefit from energy efficiency improvements, such as improved comfort or reduced running costs, but it's the landlords who make the final renovation decisions. This is because it's the landlords who are responsible for the maintenance and renovation costs. In England, Wales and Northern Ireland the split incentive issue also arises when the freeholder of a building is responsible for building upgrades and renovations and the associated costs. However, it's the leaseholders and tenants who would benefit from the improved living conditions and lower energy bills.

Supply chain skills and capacity: Renovating apartment buildings requires specialist skills and expertise. However, there's a shortage of skilled professionals in the retrofit industry with the expertise to deliver energy retrofits for whole apartment buildings.

¹⁸ Matschoss et al, 2018

¹⁹ IEA (2008) Promoting Energy Efficiency Investments. Case Studies from the Residential Sector - [link](#)

²⁰ Uihlein, A. & Eder, P. (2009) Towards additional policies to improve the environmental performance of buildings. European Commission Joint Research Centre - [link](#)

5. European policies addressing the energy renovation of buildings

This chapter presents five European support programmes aimed at facilitating the energy renovation of multi-apartment buildings. The case studies are from the Netherlands, France, Spain, Estonia, and Latvia. Three of these countries have a high proportion of their population living in apartments: in Spain it's 66%, in Latvia it's 65% and in Estonia it's 61%. Therefore, policies that target this type of housing are a priority. However, even countries with a smaller proportion of their population living in apartments, like France (34%) and the Netherlands (19%), recognise the need for specially designed policies to mobilise energy renovations for this housing type. These countries are trying to scale up the renovation rate to meet their climate targets. As such, these programmes face challenges like those encountered across the four nations of the UK. By reviewing these policies, the report aims to draw out learnings from some of the innovative solutions other countries have implemented to decarbonise their multi-apartment building stock.

5.1. MaPrimeRénov' Copropriété, France

The French national renovation scheme, France Rénov', has a support strand specifically aimed at apartment buildings, MaPrimeRénov' Copropriété. The scheme is administered through the National Housing Agency (ANAH) and offers advice and financial support for the energy renovation of the communal areas of apartment buildings.

5.1.1. Interesting features

- Encourages whole building renovations, with extra support for buildings with a low energy rating.
- Technical support from a project manager.
- Support with collective decision making.
- Support for owners on varying incomes.

5.1.2. Description of the scheme

MaPrimeRénov' Copropriété is delivered by ANAH, which is a public body in France, under the responsibility of the Ministry of Ecological Transition and

Ministry of the Economy. Its purpose is the implementation of national policy on improving the country's existing private housing stock. The scheme offers a grant to homeowners associations (syndicat des copropriété) to cover the cost of energy renovations of the communal areas of a building. In France, a homeowners association refers to the group of individual apartment owners in a building, which has a legal status and can make decisions on management and maintenance. The association only includes owners of apartments and not tenants as it's the owners who maintain the responsibility of paying the service charges.

Eligible measures and grants

The MaPrimeRénov' Copropriété grant value depends on the energy savings that are expected to be achieved by carrying out the renovation work. To qualify for a 30% subsidy, the building must plan to achieve energy savings of least 35% and to qualify for a 45% subsidy, savings need to aim for least 50% (capped at €25,000 per apartment). The scheme also offers an additional 10% subsidy for lower rated buildings (F and G) if they reach a D rating after the renovation works. Owners can use the funding they receive through MaPrimeRénov' Copropriété alongside other MaPrimeRénov' grants if they want to install measures in their individual apartments as well.

The measures covered by the grant include:

- insulation of external walls
- insulation of the ground floor of the building
- roof insulation
- installation of double glazing for communal windows and doors
- hot water pipe insulation
- installation of a ventilation system
- heating and hot water systems.

To help owners understand what measures are suitable for a property, owners can carry out:

- a multi-annual works plan (known as a PPT, Plan Pluriannuel de Travaux)
- a DPE (Diagnostic de Performance Énergétique) which is the French version of an energy performance certificate
- an energy audit

A multi-annual works plan is a detailed schedule of work to maintain communal aspects of a multi-apartment building, including the cost of the works. The remit of the plan extends beyond just energy renovations and includes general upkeep of a building, although it has a strong focus on works that improve energy performance. DPEs are separate energy assessments that can be carried out on a building-level and contain a list of recommendations for communal areas. Building-level DPEs are gradually being phased in across France and will be mandatory for all multi-apartment buildings from 2025.

Homeowners associations in France and qualifying criteria

To qualify for the MaPrimeRénov' Copropriété subsidy the building must meet a set of criteria. This includes:

- the building must be older than 15 years
- the building must be the primary address for at least 65% of the homeowners association members
- the association must be registered on the national register of copropriété.

The national register is run by ANAH and since 2019 all homeowners' associations need to be on the register regardless of size. The purpose of the register is to act as a point of information for building owners but also to allow public authorities to have a better overview of associations. Owners of apartment buildings are automatically members of the association and must follow the building rules (règlement de copropriété). Members of the association are expected to attend an annual general meeting and vote on key decisions during the meeting. Each owner's voting power is proportional to their ownership share of the building. The association members are also expected to pay into a communal fund (fonds de travaux) that's set aside to pay for future maintenance work. Furthermore, to be eligible for the scheme support, the work must be carried out by installers and building contractors with RGE (Reconnu Garant de l'Environnement) certification. RGE is a quality certification that's granted by public authorities and ADEME, the French Energy Agency. There's a searchable online register of certified professionals.

Customer journey

The homeowners associations that apply for the scheme are required to contract a project manager (AMO). The AMO guides them through the process and offers technical support, financial guidance and support with the decision-

making and coordination between the owners. The scheme covers 50% of the cost to appoint the AMO. For help appointing an AMO, homeowners associations can consult the France Rénov' 'Consulting Spaces' support service that provides independent information and advice.

Members of the association then make a collective decision to proceed with the renovation works and apply for the subsidy during an association general assembly. This is the meeting of the apartment owners when decisions about the building are taken. There are rules in French law around which decisions need a majority or unanimity, depending on what's being agreed. Each association applies for the subsidy collectively and the application is submitted by a delegated representative. The representative can be a professional service provider, a member of the association who volunteers for the role, or another administrator. If the grant is approved, the project proceeds. After the work is complete, the delegated representative receives the funding and distributes it among the other owners according to their allocated share of the communal areas of the building. Each owner's share of the communal areas is determined by the size, location and features of their individual apartment. The homeowners association then pays the contractors for the renovation works.

Support for lower income households

To support homeowners on lower incomes the scheme offers an additional grant, between €1,500 to €3,000, to homeowners in the association who are below a certain income threshold. The annual income thresholds are set by ANAH and they vary depending on the location of the property and household size. There's an added benefit for homeowners associations that are considered 'vulnerable', as well as associations considered to be 'in financial difficulty'. Vulnerable associations are those with a certain amount of unpaid building service charges and the homeowners are entitled to an additional 20% subsidy towards the cost of the renovation project. However, the total grant received per apartment must remain within the €25,000 cap. Associations in financial difficulty are those that are in a more financially precarious position compared to 'vulnerable associations' and live in poorly maintained buildings. The level of

financial support for 'associations in financial difficulty' ranges from 35% to 50% of the cost of the works²¹.

5.1.3. Progress to date

Evaluation data shows that in 2022 523 applications were submitted under the MaPrimeRénov' Copropriété scheme. The total cost of the works was equal to €461 million and the total number of grants issued by the National Housing Association (ANAH) was €190 million. This shows that approximately 40% of costs are covered by the grant and 60% are covered by other means, such as loans and owner's own funds. On average the renovation projects achieved a 48% reduction in energy consumption²².

The 523 applications under the scheme are equal to 25,938 individual apartments being renovated during that year. This figure is lower than the 605,669²³ home renovations that were funded under the MaPrimeRénov scheme in the same year, which supports upgrades to individual homes. Although the number of applications from apartment buildings is comparatively low, it's positive to see that:

- 65% of the approved renovation projects under MaPrimeRénov' Copropriété in 2022 included external wall insulation
- 49% had ventilation works
- 40% had roof insulation
- 24% had communal heating upgrades

This shows that applicants carried out deep renovations. The majority of buildings that benefited from the scheme (79%) were medium or large sized buildings with 15 or more apartments. Most buildings (61%) had a communal heating system and 75% were built before 1961.

It's also positive to note that over 50% of scheme applications were from vulnerable groups. A total of 215 were from homeowners associations that are considered vulnerable (associations with certain percentage of unpaid service

²¹ Anil, MaPrimeRénov' Copropriétés en difficulté, 4 January 2024 - [link](#)

²² Territorialisation de MaPrimeRénov Bilan 2022 aides Anah a la rénovation énergétique, Anah (2023) - [link](#)

²³ Beneficiaries who apply for support through MaPrimeRénov' Copropriété can also apply for support through MaPrimeRénov, so it's possible that the figure includes applications from apartment owners.

charges) and 61 were from homeowners associations considered to be in financial difficulty. Also, 5,435 individual grants were given to owners in apartment buildings who were on lower incomes, as extra support to help alleviate some of the financial burden.

Customer feedback data published in June 2023 showed that beneficiaries of the MaPrimeRénov scheme had high satisfaction rates with the quality of the work, with a total of 89% positive responses. However, only 3% of these respondents lived in an apartment. Furthermore, nearly a third (31%) of respondents said they heard of the support scheme through an installer, indicating that the supply chain is engaged and are one of the main channels for promoting the scheme²⁴.

5.2. Subsidy scheme sustainability for owners' associations, Netherlands

The Subsidy Scheme Sustainability for Owners' Associations (SVVE – Subsidieregeling Verduurzaming voor Verenigingen van Eigenaars) is a support programme in the Netherlands. It offers financial support, advice and technical guidance to encourage the renovation of apartment buildings. It's aimed at people living in multi-apartment buildings who are in owner's associations, housing associations, or housing cooperatives. The scheme supports energy saving retrofit measures and the installation of heat pumps (air to water, ground to water).

5.2.1. Interesting features

- Technical advice before the application to help decision-making.
- Legal change to offer homeowners associations more financing options.
- Long-term stability of the scheme can accommodate lengthy decision-making process.

5.2.1.1. Description of the scheme

The SVVE runs from January 2024 to December 2027 and replaces the previous national schemes that supported homeowners associations. These previous schemes, the Sustainable Energy Investment Subsidy²⁵ (ISDE) and the Home

²⁴ Evaluation du dispositif MaPrimeRénov auprès des bénéficiaires, VIAVOICE (June, 2023) [link](#)

²⁵ RVO – Investeringssubsidie duurzame energie en energiebesparing (ISDE) [link](#)

Energy Saving Subsidy Scheme²⁶ (SEEH), had been running since 2016. The SVVE is targeted at apartment buildings that have at least one owner-occupied home, who has that home as their main address. The subsidy can be used towards:

- the cost of building assessments
- the installation of energy efficiency measures and heat pumps at a multi-apartment building level
- electric charge points

Apartment owners also have access to a loan through the National Energy Savings Fund (Nationaal Warmtefonds) to cover the remainder of the upfront cost of the renovation project. Nationaal Warmtefonds is a financing body operating on behalf of the national government and offers loans to homeowners associations to fund energy renovations to the whole building. Homeowners associations can borrow up to €34,000 per apartment. The loan terms are either 10, 15 or 20 years, and interest rates are around 3%.

Eligible measures and grants

The SVVE subsidy covers a wide range of building assessments including:

- an energy assessment
- Sustainable Multi-year Maintenance Plan (DMJOP)
- asbestos inventory
- facade assessment
- concrete damage investigation
- ventilation assessment
- ecological assessment
- fire safety check
- advice on the renovation process and what energy upgrade measures are suitable for the building.

To support homeowners with the decision-making process, the subsidy can be used towards a financial feasibility study for at least two of the recommended measures from the energy assessment. It can also cover the cost of a technical

²⁶ IEA – Energy-saving at Home subsidy scheme (SEEH) [link](#)

consultant who can help the group of owners decide on whether to invest in the renovation. If so, the consultant can recommend what the most suitable measures to invest in are and what should be included in the renovation project. Homeowners associations can claim 75% of the cost for these types of building assessments, studies and support services, capped at €10,000 to €20,000 depending on the number of apartments in the building.

The grant amount for each of the eligible energy upgrade measures is calculated per square metre. The grant amount for insulation measures ranges from €8 per m² for cavity wall insulation to €38 per m² for façade insulation. For high efficiency glazing measures, the grant ranges from €20 per m² to €131 per m². For air to water heat pumps, applicants can receive between €500 to €2,100 depending on size, and €500 - €4,200 for ground to water heat pumps.

Customer journey

To access the financial support, the homeowners association submits one application on behalf of the whole building(s), meaning the owners need to reach an agreement before they can proceed. The scheme also runs webinars²⁷ aimed at homeowners interested in the subsidy who want to learn more about the process.

A member of the association leads the application process, or the owners can appoint an external intermediary to submit an application on their behalf. After the grant is approved, the association receives 70% of the subsidy amount upfront, (if grant amount is lower than €25,000 the full amount is paid upfront). The association has two years from the time of their application to complete the works. The association pays the contractors directly and submits invoices and proof of payment at the end of the project to the scheme administrators. It then receives the remaining 30% of the grant amount.

Legal changes to expand credit options for homeowners associations

Dutch law requires apartment building owners to establish a homeowners association and membership is mandatory. Associations are bound by Dutch laws and regulations and typically meet at least once a year to make decisions. In the Netherlands, apartment owners have exclusive rights over their own home and are considered co-owners of the communal parts of the building, for which they're jointly responsible. The apartment owners are obliged to maintain the

²⁷ Netherlands Enterprise Agency (RVO) YouTube channel - [link](#)

building and contribute to a joint maintenance fund for future major maintenance²⁸. According to the regulations this fund must be in a separate bank account under the name of the association.

In 2017, there was an **Improvement of Owners' Association Act**, which opened up more options for associations to take out a loan. Under the new act joint and several liability for loans taken out by the association no longer applies. This protects individual homeowners from financial risks if other owners default or have difficulties making repayments. Also, loans taken out by homeowners' associations are transferable, so if a current resident sells their property the loan is transferred to the new owner. The new owner then assumes the responsibility to contribute to the repayments through the service charges paid to the association. Interviews with homeowners who benefited from the scheme showed that since these legal changes came into force they had fewer concerns about taking out a homeowners association loan.

5.2.2. Progress to date

The new iteration of the scheme, SVVE, started in 2024, so there's limited evaluation data. But the predecessor schemes (ISDE and SEEH), which had the same objectives and used a similar approach, produced useful evaluation insights. Between 2016 and 2020, 363 homeowners associations received €15.5 million in subsidies. The scheme resulted in savings of 60 thousand tonnes of carbon dioxide equivalent (kg CO₂e). The most popular measures were cavity wall insulation, window replacement and roof insulation. The number of homeowners associations that the scheme supported is low compared to the 65,000 owner-occupiers who applied for subsidies to install measures in single-home properties during the same period. These individuals received a total of €165 million in subsidies. This lower uptake may be because the Netherlands has much higher occupancy of houses (79%) compared to apartments (19%).

Despite the lower number of applications, evaluation data from the scheme provides valuable insights into what motivates homeowners associations to take action and how they make decisions. In follow up interviews, most interviewees indicated that the existence of the subsidy wasn't the primary reason for making energy upgrades to the building. In most cases, the main reason for the renovation project was that the work was part of the planned maintenance of the building. However, all interviewees agreed that the subsidy

²⁸ VvE Belang (Organization for Homeowners associations and Apartment Owners) - [link](#)

scheme was valuable and helped reduce the increase in service costs. They also said the scheme encouraged associations to consider other measures that they may not have considered before or that the presence of an incentive moved them to act more quickly. In all cases, the associations applying for the subsidy also applied for the National Energy Savings Fund loan, which can be used to cover the cost of measures such as:

- Insulation
- high-efficiency glazing
- renewable heating systems
- lighting

Their view was that the loan was more important than the subsidy, since the subsidy could only cover a small proportion of the cost of the works. This highlights that financial subsidies, although important, aren't the only deciding factor when homeowners associations consider energy renovations. Support schemes should consider how subsidies work alongside other forms of financial support, such as affordable loans.

The scheme saw an uptick in applications in 2020, although it had been running since 2016. In the evaluation report, this is put down to the fact that the coordination and decision-making process can take an association several years. So, it's likely that associations who started considering the process in 2016 and 2017 were ready to apply by 2020. This is why the long-term stability of the scheme was seen as an important factor. Because of the way associations typically work, the timeframe to make a decision is long, since associations normally meet once or twice in a year. If the window to apply for a subsidy is too short, interviewees were concerned that by the time the association is ready to apply, the funding would have ended.

5.3. Recovery, Transformation and Resilience Plan, Spain

The Recovery, Transformation and Resilience Plan (PRTR, Plan de Recuperación, Transformación y Resiliencia) in Spain is a broad economic recovery programme that also focuses on the energy renovation of homes. It has a specific strand of support aimed at energy efficiency improvements of multi-apartment buildings, as well as trying to encourage renovations at a neighbourhood-level.

5.3.1. Interesting features

- Addresses the issue of split incentives between landlords and tenants
- Additional support for homeowners on lower incomes
- Removing legal barriers for homeowners associations to act collectively

5.3.2. Description of the scheme

The Recovery, Transformation and Resilience Plan (PRTR, Plan de Recuperación, Transformación y Resiliencia) comes from Spain's Ministry of Transport, Mobility and Urban Agency. The programme aims to rapidly accelerate the number of home renovations across the country. The programme is partly funded by the Next Generation EU fund to support the country's post-Covid 19 economic recovery. This resilience plan has a strong focus on improving the built environment, with the national government setting a target to renovate 510,000 homes from 2022 to 2026. This is a ten-fold increase compared to previous renovation rates. Renovating half a million homes would equate to roughly 5% of the 9.3 million homes that need to be renovated according to Spain's Ministry of Transport (Mitma).

There are six renovation support programmes under the PRTR. One of the programmes offers subsidies for home renovations at a neighbourhood level (Programme 1), another offers subsidies at a building level (Programme 3) and another offers support to individual homes (Programme 4).

To implement these programmes, Spain's autonomous regions enter into an agreement with the national government to access the funds, which are distributed to homeowners through local governments and municipalities. Local-level authorities run the schemes that deliver the funding to their local communities and they can also contribute their own funding to further extend the scheme. For example, the municipality of Barcelona contributed their own municipal funds. This meant they could open up their local support offering to tenants on leases of over five years, as well as homeowners. Each local authority is responsible for providing advice and guidance to homeowners and communities about how they can benefit from the scheme.

The grants at neighbourhood-level, building level and home level run in parallel and can be combined. Homeowners receiving the neighbourhood or the building-level grant can combine it with the home-level grant. That's as long as

the total grant amount doesn't exceed the total amount that they pay for the works.

Neighbourhood-level renovation support

The Aid Program for Renovation Actions at the Neighbourhood Level (Programa de ayuda a las actuaciones de rehabilitación a nivel de barrio) is the strand of the PRTR that supports home renovation at a neighbourhood level. There are grants available, primarily for residential buildings, in certain action areas known as ERRP (Entornos Residenciales de Rehabilitación Programada - Programmed Residential Rehabilitation Environments). These ERRP action areas are identified by local authorities, based on a set of criteria including:

- socioeconomic status
- the building condition (for example old, poorly maintained buildings)
- the potential for energy efficiency improvements.

The aim of this strand is to concentrate renovation efforts in a specific location, so that the impact of the work is maximised and residents see an improvement in the quality of their local environment. Homeowners in the ERRP who own a single-home or are part of a homeowners association in a multi-apartment building can apply for a grant.

The grants are for renovation works that reduce the use of non-renewable energy. So, the building improvements must either:

- Reduce energy demand of the buildings in the ERRP by at least 30%.
- Reduce the demand for heating and cooling of the buildings by at least 25%-35%
- Show that the renovation works are fulfilling a social aim by improving the local living environment.

The grant amount varies from 40% to 80% and is linked to the energy reductions achieved. Renovation works that achieve a 30-45% reduction in energy use get a 40% subsidy, up to a maximum of €14,500 per home. Works that reduce energy use by 60% or over are eligible for an 80% grant, up to a maximum of €21,400 per home. Owners or tenants in the specified area who are considered financially vulnerable based on income levels, employment status and other economic indicators are eligible for a grant to cover 100% of the costs.

Building-level renovation support (multi-apartment buildings, single homes)

The strand of renovation grants available to people living in multi-apartment buildings works in a similar way, where the grant amount is linked to the level of energy reductions that a property achieves. Under the building-level support programme, a tenant can also apply for a grant as long as they've agreed with the landlord that the tenant will pay for the renovation works in lieu of rent. As with the neighbourhood-level support scheme, property owners who are considered financially vulnerable are eligible for a grant that covers their full share of the renovation work.

At least 50% of the apartment owners must give consent before the renovation works can proceed. The homeowners then appoint a manager or another service provider to take charge of the renovation project. To be eligible for the grant, applicants must carry out a technical assessment of the building (IITE) after the works have been completed. This assessment will verify that the energy reductions have been achieved.

To complement the grants, groups of owners can take out a ten-year loan or get a private loan guarantee from Spain's Official Credit Institute (ICO). This is available to homeowners associations who take out loans with commercial banks. Homeowners who apply to the scheme can also benefit from a personal income tax incentive up to €7,000 if the renovation works achieve the specified level of energy reductions.

Home-level renovation support

The **home-level subsidy**, which is open to apartments and houses offers people 40% towards the cost of renovation works. This is up to a maximum of €3,000, providing the work achieves a 7% reduction in heating/cooling demand, or a 30% reduction in non-renewable energy use.

5.3.3. Legal changes to remove barriers to building renovations

In Spain, as is common in other European countries, property owners in multi-apartment buildings must form a 'community of property owners'. This community takes collective responsibility for the maintenance and upkeep of the communal areas and facilities of the apartment block. Each owner pays a share of the service fees, which is proportional to the size of their property. A community of owners may also appoint a professional service provider to deal with the administration and arrange the meetings. In 2022, the Land and Urban Rehabilitation Law, was modified in the context of the Recovery, Transformation

and Resilience Plan. This gave homeowners associations the legal recognition needed to act as an entity and access credit and take out loans to fund building renovations of the communal areas.²⁹

The Communities of Owners law was also modified in 2022 to help facilitate energy efficiency upgrades to buildings. The modified law means that property owners in residential apartment buildings only need a simple majority if they want to carry out renovation works and apply for financial support. The aim of the change was to make decision-making easier for groups of owners wanting to carry out renovation work.³⁰

5.3.4. Progress to date

There's limited data about the outcomes of the scheme since it's fairly new. To date there appears to be a slow uptick in renovation rates in the country. The country's trade body for building material suppliers (Andimac) has estimated that the number of renovations in 2024 will be 1% higher than in 2023³¹ and argues that the rate needs to be accelerated.

This is thought to be because of bottlenecks in the national planning system. There are 17 autonomous regions in Spain with different administrative structures, which adds complexity. There are also thought to be delays with local authorities rolling out support schemes because of the bureaucratic process to distribute the Next Generation EU Funds (Navarro et al, 2023)³². There has also been an increase in construction costs, a lack of qualified building professionals, an increase in interest rates and a short deadline to 2026 to benefit from the programme³³.

5.4. Renovation Grant 2022–2027, Estonia

The Renovation Grant 2022–2027 is a national initiative delivered by the Estonian Business and Innovation Agency. It offers grants, loans, loan guarantees, advice and technical support for the energy renovation of apartment buildings.

²⁹ Guarantees and tax deductions to promote renovations, Mitma - [link](#)

³⁰ Guarantees and tax deductions to promote renovations, Mitma - [link](#)

³¹ Andimac, February 2024, [link](#)

³² Navarro et al (2023), Drivers of and Barriers to Energy Renovation in Residential Buildings in Spain—The Challenge of Next Generation EU Funds for Existing Buildings, Buildings, 13(7), [link](#)

³³ Presentation by Maria Montes Miguel, AVS gestores publicos, November 2022

5.4.1. Interesting features

- Encourages whole building renovations
- Offers technical support with the application process
- Offers financing options designed for homeowners associations

5.4.2. Description of the scheme

The Renovation Grant is delivered by the Business and Innovation Agency, which was set up by the Estonian national government to deliver financing options that promote entrepreneurship and improve residential surroundings. Among their services is the Renovation Grant, which is targeted at associations of apartment owners seeking to renovate their buildings.

To qualify for the Renovation Grant, the recipients must demonstrate that, as a result of the works, the building has achieved an energy efficiency rating of Class C³⁴. This encourages apartment owners to consider deeper, whole-building energy renovation works. To be eligible for the grant, the building must have at least three apartments, be constructed before 2000 and have a residents association. This is an association of the owners and tenants living in the building.

Eligible measures and grants

Each apartment association can apply for the Renovation Grant, which varies between 30% and 50% of the cost of the measures. The level of funding depends on the location of the building, with rural areas getting a higher percentage of the costs covered by the grant. The maximum grant amount is €1,000,000 per applicant for a whole building renovation and €100,000 per applicant for a partial renovation. Measures that are supported by the grant include those that reduce the energy demand of the building such as:

- external wall insulation
- roof insulation
- communal heating and cooling systems
- ventilation systems
- renewable energy systems

³⁴ Energy efficiency rating $ETA \leq 150 \text{ kWh}/(\text{m}^2 \cdot \text{a})$

It also includes non-energy related upgrades to the buildings like lift upgrades, bicycle area construction and waste disposal system upgrades.

This is an interesting approach, since the inclusion of non-energy measures could make the prospect of a whole building renovation more appealing to the residents. The grant doesn't cover works that would alter or extend the building and it doesn't cover the installation of gas boilers.

Customer journey

Through the scheme, beneficiaries have access to support from technical experts who give free advice on the renovation process and what measures might be suitable for the building. The association is expected to enter into a contract with a technical expert before the grant application is submitted. After the funding application is assessed and approved, the tendering process for the renovation work is carried out through the Public Procurement Register.

To support associations with accessing the different support options, the scheme has set up County Development Centres across Estonia that offer free consultations. Associations can contact the consultant in their area and arrange a meeting to help them understand which service is most suited to them and support them with the application process. The consultants can also participate in meetings with the building association members, where they'll help explain the terms and conditions of services.

Aside from the Renovation Grant, the Business and Innovation Agency provides apartment associations with additional financial support. Associations can access the Apartment Building Renovation Loan, which can be combined with the grant. The loan is offered to those who've been rejected for a loan from commercial banks or have only been offered short-term, high-interest loan options. The agency also offers a Loan Guarantee for Apartment Associations to homeowners associations wanting a private loan to complete the renovation project, but have been deemed high risk because:

- There's a high proportion of people living in the building who are in debt.
- The apartment building is in an area of low property values.
- The investment required for the renovation per square meter is higher than average.

5.4.3. Progress to date

The primary objective of Estonia's Long-Term Renovation Strategy is to carry out deep energy renovations on all energy inefficient housing stock by 2050. This includes renovating 14,000 apartment buildings by 2050. Between 2010 to 2014, 661 apartment buildings, covering a total area of 1.6 million m², were retrofitted using the Renovation Grant. Between 2015 and 2020, 453 apartment buildings who applied for support were approved for funding³⁵. The average cost of renovations has ranged from €250 to €300 per m², meaning the total renovation costs to an owner of a 50 m² apartment, after taking the grant into account, is approximately €10,000. Owners of apartments have typically financed the renovations through combining the Renovation Grant with a long-term loan that's repaid over an extended period.

More needs to be done to increase the renovation rates to meet the national targets. However, if there was no support for deep energy renovations of apartment buildings from the government, it's likely these would not take place at all due to the high upfront investment costs ³⁶.

5.5. Energy Efficiency for Apartment Buildings (2022-2026), Latvia

'Energy Efficiency for Apartment Buildings' is an initiative to promote the energy renovation of whole apartment buildings in Latvia. The initiative has been running for over ten years and the latest phase of the scheme runs from 2022 to 2026. Under the support programme, groups of apartment owners can apply for grants and loans to make energy efficiency improvements and install renewable heating systems to their apartment building. They can also receive guidance and advice on accessing the support scheme.

5.5.1. Interesting features

- Country doesn't have homeowners associations as default
- A support scheme with an accompanying communications campaign

³⁵ Republic of Estonia Ministry of Economic Affairs and Communications, Energy efficiency of buildings in Estonia, October 2022 – [link](#)

³⁶ Buildings in Estonian ENMAK 2030+ energy strategy – cost optimal energy savings, Kurnitski J. 2014 – [link](#)

- Encourages whole-building renovations by setting minimum energy standards

5.5.2. Description of the scheme

'Energy Efficiency for Apartment Buildings' (2022-2026) is an initiative to promote the energy renovation of whole apartment buildings, which is administered by Altum. Altum is a government-owned financing company that offers loans, grants, credit guarantees and capital investment which support the country's economic development. As well as supporting entrepreneurship and business start-ups, one of its remits is improving the energy efficiency of the built environment.

Groups of apartment owners carrying out renovation projects can receive support in the form of a loan from a commercial bank that's guaranteed by Altum or a loan directly from Altum. The maximum loan for one project is €3,750,000, over a 20-year term with a fixed interest rate of 3.9%. To qualify for support, a multi-apartment building must have at least three apartments and the renovation measures need to aim to achieve a 30% reduction in primary energy consumption. Once the renovation projects are completed and they achieve their energy saving target, they're eligible for a capital rebate of up to 49% of the renovation costs. Recipients of the financial support also receive free advice through consultations with technical experts who support with the application process and help them with preparing the technical documentation.

Customer journey

Homeowners who decide to go ahead with a building renovation appoint a representative and prepare the application. The representative applies for a loan, or loan guarantee through Altum, on behalf of the group of owners. Even though the application is submitted by one representative, the liability of the loan is with the group of owners. Then, the authorised representative selects the building contractors and installers. The application is then submitted and evaluated by Altum, who approve the financing. After the renovation project is complete, the homeowners repay the loan through their monthly service charge.

Homeowners associations in Latvia

In Latvia, there isn't a formal requirement for homeowners in an apartment building to form an association, so there's no legal body that can represent a group of apartment building residents. The owners of the apartments own their property and have shares of the communal area and facilities of the building. Not having associations impacts collective decision making and can be a barrier to contracting renovation works and accessing joint credit. To overcome this, apartment owners have the option of voluntarily establishing an association and giving it the mandate to enter contracts on behalf of the building. Alternatively, the group of owners can appoint an individual person to represent them and give that person the mandate to sign legal documents on their behalf.

5.5.3. Communications campaign to promote scheme take-up

'Living warmer' is a national information and engagement campaign aimed at increasing awareness of the support available for improving the energy efficiency of apartments. The national campaign by the Ministry of Economy has been running since 2010. One of the main functions of the campaign is to inform the public about the Energy Efficiency for Apartment Buildings scheme and to signpost to guidance and support on the renovation process.

The campaign delivers regular discussion events, workshops for building managers and designers, conferences and exhibitions. It also hosts competitions for 'renovated multi-apartment buildings', featuring buildings that have achieved significant savings or have used new technologies in their renovation project.

The campaign's messaging focuses on why it's important to improve the energy performance of a building, the multiple benefits of energy efficiency and the benefits of renewable energy microgeneration. It aims to educate people on community energy projects and raise awareness on how to participate. It also offers guidance on collective decision-making and how to manage this process during homeowners association meetings. And finally, it covers advice and practical information on maintaining an apartment building after a renovation project.

The campaign has been effective in promoting the financial support scheme. Applications for financial support for multi-apartment building renovations increased from 117 per year, in the year before the campaign was launched, to

approximately 400 per year in the years after. The increase has been attributed to the information campaign increasing awareness of the scheme.

5.5.4. Setting a minimum standard for multi-apartment buildings

Since 2010, Latvia has had minimum standard regulations in place to help improve the energy efficiency of existing buildings, with specific requirements for multi-apartment buildings. The 'Regulations Regarding the Survey, Technical Servicing, Current Repairs and Minimal Requirements for Energy Efficiency of the Residential House' (Regulation 907) set out a minimum standard for energy performance of existing buildings. Owners of buildings that don't meet the minimum standard are formally notified and are obliged to install energy efficiency measures. Nevertheless, there are no penalties for non-compliance. In multi-apartment blocks with a poor energy performance, it's the building manager who's required to make a plan for the upgrade of the building.

The minimum threshold for the apartment blocks is 200 kWh/m² per year for space and water heating, and 150 kWh/m² per year for space heating only. If the average space and water heating energy consumption of the building over the last three years exceeds the threshold, owners are obliged to renovate. In non-compliant buildings, the administrator of the multi-apartment building can make decisions to install smaller energy efficiency measures without having to go through the normal voting process at a homeowners association meeting. In cases where a complex and costly renovation is needed, homeowners would need to vote and consent to contributing towards the cost of the renovation. Bypassing the formal voting process for smaller measures helps overcome barriers where the installation of smaller, single measures would stall because of difficulties in getting all owners' consent. It's also seen as an effective way to encourage building administrators to start actively engaging with apartment owners about the need for energy renovations.

5.5.5. Progress to date

The scheme has seen some success in improving the energy efficiency of the multi-apartment buildings, but the renovation rate of these buildings in Latvia remains low. Since 2009, when support for apartment owners first became available, 1,500 of the country's 30,000 apartment buildings have been renovated, which equates to approximately 0.5% per year. This may be partly due to the investment gap toward meeting the country's 2030 renovation targets. This is because most of the current energy efficiency initiatives rely on funds from the EU's European Regional and Development Fund³⁷.

³⁷ IEA, Latvia 2024 Energy Policy Review - [link](#)

6. Insights from case studies

From the review of policies in this report, we can see that countries across the EU are recognising the specific challenges associated with the renovation of multi-apartment buildings. We can also see that they've put in place policies and programmes to help address these challenges.

Financial barriers: To help overcome financial barriers, all support schemes included in this report offered some form of financial support. Subsidies were most common, followed by loans, loan guarantees or a combination of these. However, to be effective, financial support needs to be accompanied by further specialist advice and support for homeowners. This was evident from the fact that all five of the country examples in this report offer a form of advice, technical assistance, or guidance alongside financial support.

Technical complexity: In the policies reviewed in this report, there was an acknowledgement that the renovation of apartment buildings is complex. Owners of apartments were therefore offered some form of advice to understand the needs of their building and which financial support measures were most suited to them. For example, applicants to MaPrimeRénov' Copropriété (France) are required to have an appointed project management assistant to support them with the technical aspects of the project. The SvVE scheme in the Netherlands also offers subsidies towards a long list of assessments and consultations with technical experts that can help building owners understand what their building needs. The schemes in Spain, Latvia and Estonia also include support from a technical expert.

Collective decision-making and coordination between owners: The Renovation Grant (Estonia), the SvVE scheme (the Netherlands), MaPrimeRénov' Copropriété (France) and the 'Energy Efficiency for Apartment Buildings' scheme (Latvia) include advice from experts who can support homeowners with collective decision making by attending homeowners association meetings. Although there isn't a lot of detail on the techniques and approaches used by these experts to encourage a collective decision, the fact that it has been factored into the schemes is positive. Collective decision making can be a complex and sensitive process, so to deliver this support effectively, those providing it need excellent mediation skills and experience. It's therefore important that the support and advice they give is impartial and unbiased.

Having owners' associations in multi-apartment buildings is standard in the Netherlands, France, Spain and Estonia and the support schemes in these countries are designed around them. Having these associations means that owners have a space for discussion that facilitates collective decision-making. They're also key to getting owners to agree on collective investments for improving their building, including its energy performance. Furthermore, having associations recognised as a legal entity means they can access financial support and loan options to fund energy efficiency upgrades. In France and the Netherlands, associations can also set up a collective savings fund that members contribute to. This fund can be used towards renovation projects, which reduces the need for apartment owners to pay out large sums in one go.

Owners with different income levels: The MaPrimeRénov' Copropriété (France) scheme and the Recovery, Transformation and Resilience Plan scheme (Spain) both acknowledge the issue of varying incomes between building owners and include ways of addressing this. In France, beneficiaries who are considered vulnerable or in financial difficulty are entitled to an additional grant to help cover their share of the renovation costs. In Spain, beneficiaries of the scheme under a certain income level can potentially receive support to cover the full cost of their share of the renovation works.

Removing legal barriers: In the Netherlands, legal barriers were removed to offer homeowners associations more options to access financing as a group. In evaluation interviews with beneficiaries of the scheme, homeowners positively viewed this legal change because it reduces the financial risk. In Spain, legal changes were made to give homeowners associations the legal capacity to take out loans for purposes related to maintenance and renovation of the communal areas. Also, rules around needing consent from a majority of owners to proceed with the renovation work were relaxed. In Latvia, rules were also relaxed, so for small measures a building manager can proceed with installation without having them approved during a meeting with building owners. These changes highlight the importance of creating a flexible framework that lets groups of homeowners act collectively, make collective investment decisions and access commercial or government-backed loans, while also allowing for small investment decisions to be taken quickly.

Split Incentives: The Recovery, Transformation and Resilience Plan scheme in Spain is the only policy included in this report that referenced split incentives between landlords and tenants. Under the Spanish scheme, tenants can apply for renovation support for the building they're living in. This is under the

condition that they have a formal agreement with the landlord to pay for the renovation work in lieu of rent. Although this opens the support scheme to tenants, the burden of securing an agreement with the landlord is on the tenant. Of course, agreement relies heavily on the landlord's willingness to forego their rental income.

Whole-building energy performance assessments: All support schemes in this report require that renovation works achieve a certain reduction in energy consumption or a certain EPC rating. This type of performance benchmark gives beneficiaries a clear aim to work towards and is made possible by having whole-building performance assessments.

One other positive feature of the schemes reviewed in this report is the **long-term stability of support schemes**. From the evaluation data from the SvVE scheme in the Netherlands, we can see the importance of having a support scheme in place over many years. This is particularly important for schemes that support the renovation of apartment buildings because the decision-making process between multiple owners can be lengthy. In the case of the Netherlands, it took homeowners associations several years to go from being aware of the scheme to submitting an application for support. Therefore, support schemes with a short window may be a barrier for homeowners associations to apply.

7. Recommendations

Efforts are needed to increase the renovation rates of multi-apartment buildings across England, Scotland, Wales and Northern Ireland. Currently there are financial, legal, technical and governance barriers preventing energy upgrades of these buildings. After gaining insights from the approaches taken in other European countries, we encourage the governments across the UK to take forward the following recommendations:

Develop targeted support packages and policies specifically tailored to the needs of multi-apartment building owners. Programmes across England, Scotland, Wales and Northern Ireland should be long-term and designed to incentivise renovation on a whole-building level.

Shift decision making power. In England, Wales and Northern Ireland, decision making power to carry out an energy renovation of a multi-apartment building should shift from freeholders to leaseholders. Even in instances where a freeholder initiates a renovation project, ultimately it's the leaseholders who will pay for the works, either through services charges or ad-hoc billing. Therefore, leaseholders should be empowered to make these decisions. A move towards commonhold ownership, where apartment owners can become members of a commonhold association, would facilitate this. More support offered to leaseholders in England and Wales, to exercise their right to manage their buildings, would also be effective. To help leaseholders fully understand their rights and explore the options available to them, there's a need for an advice service to guide people through this process. An advice service would help people explore the possibility of:

- converting their building to commonhold
- buying the freehold
- setting up and running a Right To Manage company that can carry out renovation works.

This type of advice should be included in a one stop shop offering (see further recommendation).

Develop guidelines to support collective decision making and make homeowners associations mandatory. In the long-term, associations for apartment owners should become mandatory across the four nations of the UK. In the interim, there's a need for guidance on how to form and manage an

association, as well as a clearer framework that sets out how to make collective decisions during homeowners' meetings. Guidelines should cover details like majority rules and what percentage of owners need to give consent before an energy renovation project can commence, depending on the level of investment needed. For example, requiring a lower percentage of consenting owners for lower cost interventions and a higher percentage for major works. In Scotland apartment owners can already form associations on a voluntary basis. Guidance on majority rules is included in either the title deeds, and where these are silent on a particular issue, in the Tenements Scotland Act (2004). However, there's a need for support to help people understand these guidelines and how to put them into practice. In the longer term, if apartment owners in England, Wales and Northern Ireland gain more control over whole-building renovation decisions, these guidelines would be needed.

Develop a framework for energy performance assessments at a whole building level. For apartment owners to understand their building's overall energy performance, there's a need for a type of EPC or other form of assessment that covers the whole building. Currently there isn't a framework for this in any of the four nations of the UK. Common areas and shared facilities of a building can significantly impact the building's energy performance, and a building-level assessment is needed to identify the energy saving and carbon saving improvements. A whole building assessment should include:

- a performance rating
- a set of recommendations to improve the rating
- information about the cost of measures
- guidance to help owners prioritise the upgrades
- signposting to sources of independent advice where it's available

Deliver support through a one stop shop (OSS). The European support schemes reviewed in this report have multiple implementation partners. However, apartment owners have one access point to the service, which makes the customer journey easier to navigate. A one stop shop support scheme for apartment owners across the four UK nations should include:

- **Guidance to understand legal issues.** Apartment owners in England, Wales and Northern Ireland, who are motivated to carry out energy renovations to their building, need support to navigate the legal barriers that are limiting their ability to act. This includes support with legal issues.

An OSS offering would help people who are currently limited in what they can do to understand if and how they can gain more control and decision-making power over their building. People in England, Wales and Northern Ireland therefore need support to:

- a) fully understand their current ownership rights (eg what leaseholders have control over, disentangle responsibilities of freeholder and leaseholders in their building).
- b) understand what their legal options are if they want to have more control over their building (eg becoming a Right to Manage company, becoming a commonhold property, buying the freehold).
- c) guide them through the steps of gaining more control or decision-making power (eg setting up a Right to Manage company).

To help people get legal advice an OSS should incorporate referral pathways to existing support services. One example is the UK government-funded Leaseholder Advice Service ([LEASE](#)), where people can get independent advice on property law from legally qualified advisers.

- **Technical advice.** Energy assessments and other building audits are needed so building owners have a clear set of recommendations for how to renovate their building. This advice should be complete with information on the cost of measures and the long-term benefits on energy bills and comfort.
- **Dedicated advisors** to motivate and support owners throughout the entire renovation process. A skilled advisor is needed to guide apartment owners from the 'initial interest' stage through to completion of the renovation project. It's crucial that an advisor is skilled in mediation and can offer assistance for collective decision-making, resolving disputes between owners and ensuring owners move from one stage of the renovation project to the next. It's also important to offer advice post-completion of the project. This helps residents understand how to use any new systems that have been installed in their properties and adapt their energy use patterns in the newly renovated building.
- **Project management of the renovation project.** Depending on the scale of the renovation project, owners embarking on a large-scale renovation of a whole building should have support from a project manager. The

project manager would coordinate the various installers and act as the link between them and the apartment owners.

- **Guidance on how to engage and select suppliers.** Owners should be offered guidance on how to identify suitable installers and how to negotiate the contracts to carry out the work. The advice must be delivered from an independent and impartial source to establish, maintain and build trust.
- **Impartial guidance on financing options.** Owners need impartial advice from an advisor who can guide them through the financial products available to them to fund a renovation project.

Develop a framework for communal maintenance funds and long-term renovation plans at building level. First, a framework for energy performance assessments at a whole building level should be developed in the UK. Then homeowners associations in Scotland and commonhold associations or right to manage companies in England and Wales should put a long-term renovation plan in place. A long-term renovation plan (with a strong focus on energy efficiency) would give owners clear milestones to work towards. Maintaining a collective savings fund alongside this plan would lighten the financial burden on owners by reducing the need to make large, one-off payments. Therefore, there's a need for a common framework that sets out:

- a standardised format for a long-term maintenance and renovation plan
- rules on how a communal maintenance fund should be managed

Develop financing options for homeowners associations and right to manage companies. Accessing financial products such as loans are necessary to help groups of owners fund major energy renovation works. Successful schemes in Europe, such as MaPrimeRénov' in France, offer grants to cover part of the costs, in combination with loans to cover the remainder. There's a need to develop financial products that are suitable for homeowners associations in Scotland and right to manage companies and commonhold associations in England and Wales. Loans should have a long payback period, with an option for the loan to remain with the property rather than with individual owners. Furthermore, financial support should vary according to income levels of the beneficiaries within a multi-apartment building, with lower income apartment owners receiving more support.

Deliver accompanying communications campaigns. First, support schemes and financing options should be set up to help drive the renovation of apartment buildings across the UK. Next to generate interest and awareness there should also be communication campaigns in each of the nations to drive up-take. The campaigns should specifically focus on raising awareness and communicating the benefits of retrofitting, linking it to reduced energy bills, positive environmental impact and improved comfort.

Deliver building renovation programmes through a dedicated body, either public or government backed. A dedicated body that has a long-term focus and overall responsibility for delivering governments' home renovation targets would allow for programmes to be coordinated centrally. A body that coordinates the overall delivery of targets would be able to oversee the quality of works, enabling clearer accountability for successful delivery of renovation support programmes.

We should apply these findings to policies and programmes that encourage the renovation of apartment buildings across the four UK nations. This way, we can increase renovation rates, create warmer, safer homes and reduce carbon emissions from the building sector.

