

Financing options for sustainable building renovation projects in Estonia



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State of play: Renovation wave

Long-term strategy for building reconstruction for climate neutral Europe by 2050



In 2020, the government of the Republic of Estonia approved a long-term reconstruction strategy, the main goal of which is to completely renovate all buildings built before 2000 in Estonia by 2050.

- The main goal of the strategy is to completely reconstruct the building stock to energy performance class C by 2050, so it is necessary to reconstruct in the following decades:
 - 100 000 detached houses;
 - 14 000 apartment buildings;
 - 27 000 non-residential buildings.

To date 10% apartment buildings have been reconstructed.

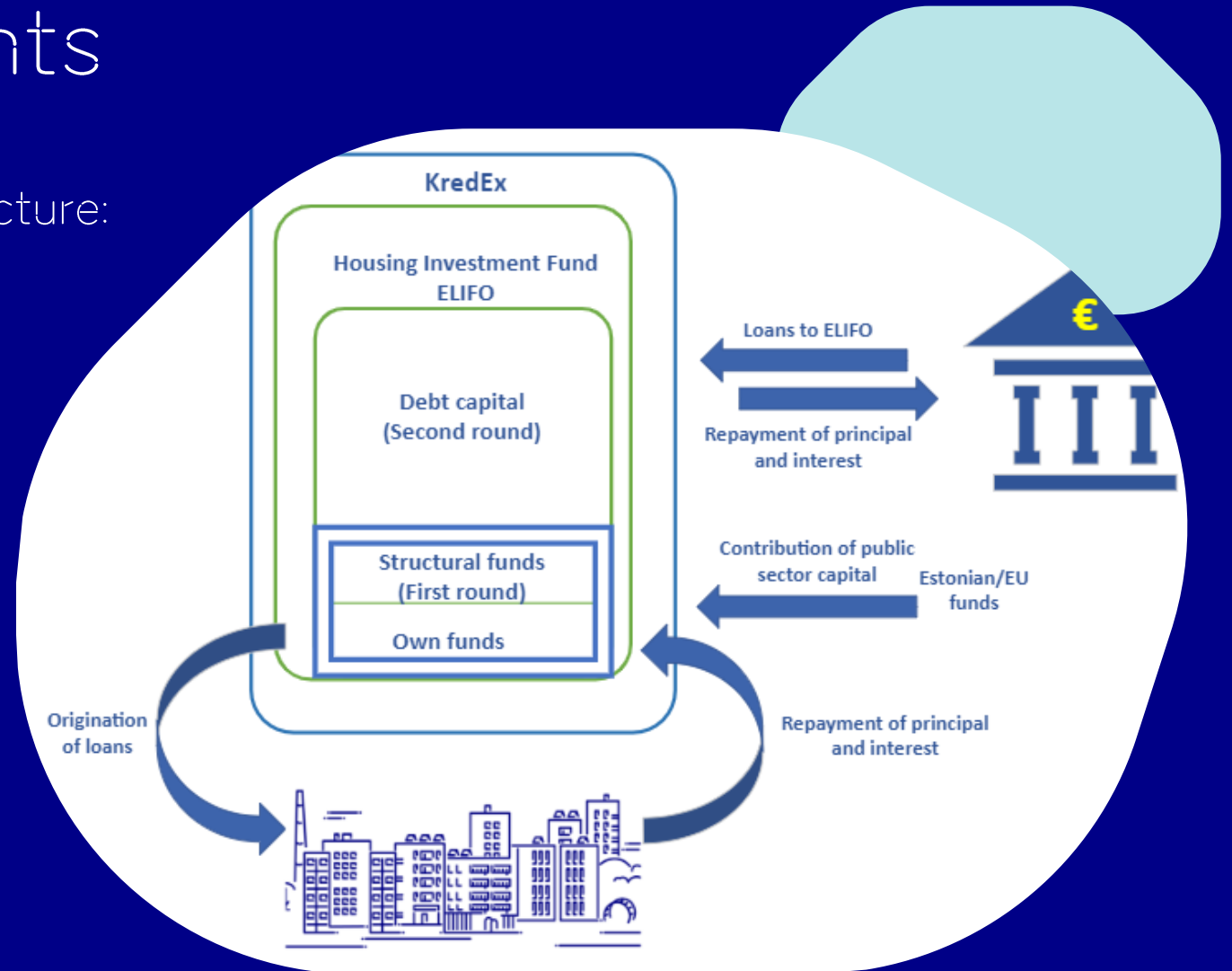
To support the achievement of the goal, KredEx provides for housing cooperatives:

- renovation grants;
- guarantees;
- loans.

SF Financial instruments combined with grants

Housing Investment Fund (ELIFO) structure:

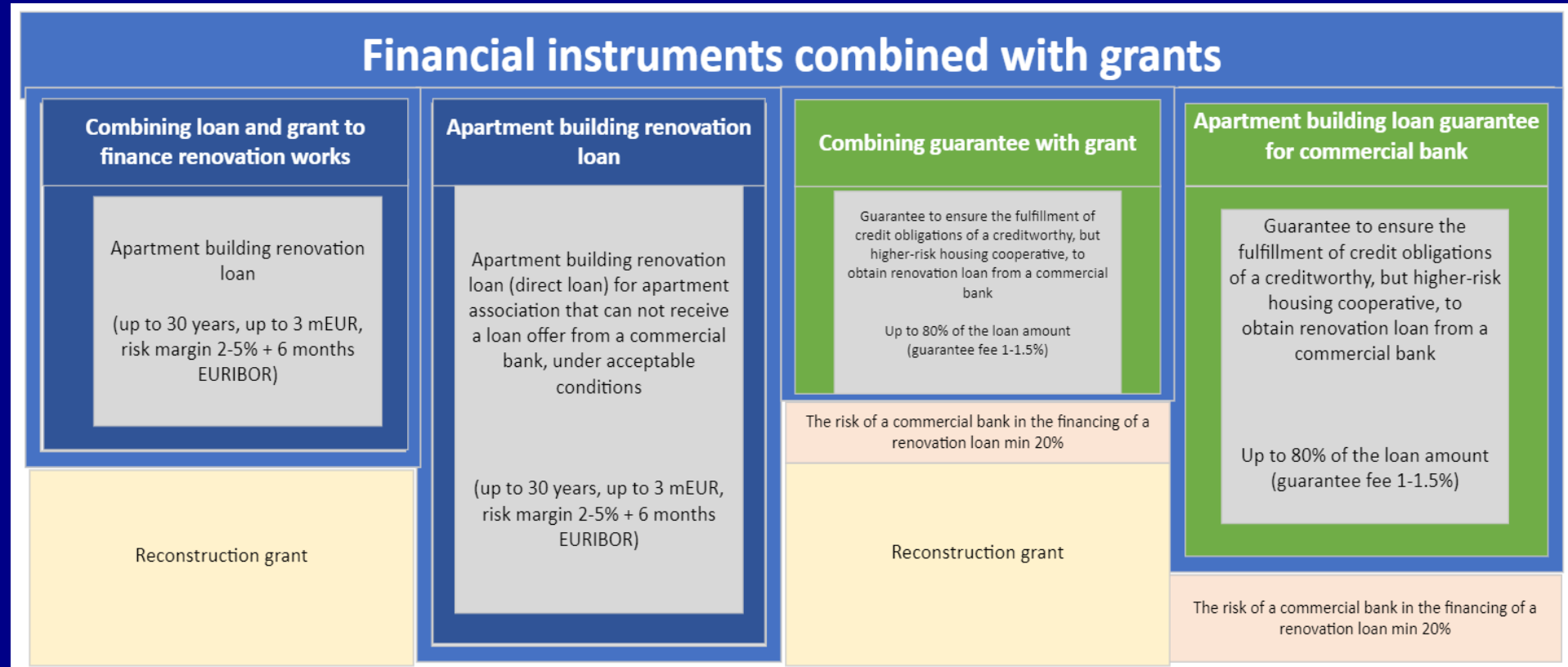
- ELIFO was established on October 19, 2022 (NPI own resources and legacy funds)
- First round: The SF funding agreement allocation of 35 mln eur under preparation
- Second round: In the future, it will be possible to combine foreign funding.



Financial instruments combined with grants (2 separate operations)



- Renovation loan to address market failures
- Grant in the case of complete reconstruction
- Surety to reduce credit risk for banks, and minimize government intervention in business



Local government subsidies for apartment associations

Capital TALLINN (Population 460 000)



- **Audit grant**: Grant for conducting an energy audit, load-bearing capacity assessment audit for **roofs and balconies** or audit for balconies and awnings.
- **Grant for follow-up activities** of the balcony and awning audit: Grant for carrying out essential construction projects named in the audit report.
- **Training grant for a board member of an apartment association**: The training should aim to enhance the knowledge of the board members regarding legislation and their rights and responsibilities or to develop effective communication skills.
- **Facade renovation grant**: The goal of this grant is to help improve the apartment building's energy efficiency and to renovate its facade.
- **Green Transition Subsidy**: Apartment associations can apply for funding to support actions related to the green transition.

Local government subsidies for apartment associations: TARTU (Population 97 435)



The city of Tartu has created a support service for the renovation of apartment buildings, which supports the renovation and helps to apply for additional funding from the state renovation subsidy.

The aim of the project is to raise the awareness of apartment association boards and residents on renovation possibilities, financing sources and conditions.

The support service consists of three stages:

- Preparation of renovation and design decisions
- Making renovation decisions
- Signing renovation contracts

More about activities included in each stage:

The project is financed by the European Investment Bank (EIB) in cooperation with the city of Tartu. The project will run from May 2023 to September 2025.



ELENA Project Factsheet IDA-VIRU

RENOVATES



KREDEX

The ELENA supported Investment Programme (IP) will focus on the deep energy efficiency renovation of multi-apartment residential buildings owned by AAs in the Ida-Viru County. The target is to carry out a deep energy efficiency renovation performed in multi-apartment residential buildings to improve the energy performance of the building to class C or better, from the current level F or worse (for most of the buildings in the IdaVira County).

Timeframe: July 2023 to June 2026,

Investment amount EUR 20m



Is factory reconstruction the future?

Renovation support measures since 2010:

≈1400 buildings, ≈255 mln € for subsidies; ≈ 650 mln € total investments

Mainly deep renovation- 50...60% reduction of energy use

Factory reconstruction (Facade insulation with prefab external wall elements)

Innovative, high-quality, and sustainable solution (lasts longer)

Speed of renovation (3-4 months), less disturbance, clean construction site

KredEx took a leading role: cooperative contractual relationship to ensure qualified tenderers

Challenges: 10...15% higher price even with grants

More favorable terms for a renovation loan funded by ELIFO

Additional information:

www.Kredex.ee/en/element



Thank you!



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