

# RENOVATION OF MULTI-APARTMENT RESIDENTIAL BUILDINGS IN LATVIA



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## Introduction

**The aim** - to study the available support and co-financing mechanisms for the renovation of multi-apartment buildings in Latvia.

The situation of the multi-apartment residential building stock in Latvia deteriorates every year, its overall development and renovation of houses will be one of the national priorities in the coming years.

**Hypothesis** is put forward: the renovation of multi-apartment buildings in Latvia is implemented with the EU co-financing.

### The main tasks:

1) to study the general condition of multi-apartment buildings in Latvia, to find out the causes and solutions of the main problems;

2) to consider the support programmes implemented in Latvia for building renovation, to find out the amount of available funding, conditions and features of support mechanisms, as well as to compare and analyse the programmes;

3) to perform an analysis and compare the building before and after the renovation, to identify benefits, as well as the positive and negative aspects.

## Main conclusions

1. Renovation of multi-apartment buildings at the national level has been implemented since 2009 with the support of the EU co-financing or grant donation within the framework of two LIAA and ALTUM programmes.
2. The renovation of multi-apartment buildings without the financial support of the EU programmes is practically impossible in Latvia.
3. Programs are different from each other in terms of the funding model implemented (The advantage of such a model is manifested in lower loan interest payments to the bank, but it also has its drawbacks)
4. Much more information about the ALTUM programme is available, various educational seminars are regularly organised and samples of different types of documents are available on the ALTUM website, which facilitates the process of drawing up the documentation
5. The overall benefit is reflected in the population's bills – as a result of energy efficiency measures, expenditure on heating, planned repairs, and water heating decreases to a level that is equal to the repayment of the loan to the bank.
6. The hypothesis *The renovation of multi-apartment buildings in Latvia is implemented with the EU co-financing* put forward at the beginning of the article is partially proven. Renovation of multi-apartment buildings is a complex, financially expensive and complicated project that cannot be implemented without the support of the European Union funds.

## Methodology

The study is based on the generally accepted quantitative and qualitative data analysis methods, including the analysis of written works, which involve research on the topic, press publications, regulations, as well as interviews, in which the comparison of co-financing support programmes available in Latvia will be evaluated from the point of view of experts that deal with these issues on a daily basis.

## Results

### Problems:

- 1) The audit report on the safety of buildings published by the State Audit Office: were found to have various types of defects, which at the same time indicated the poor technical condition of the buildings and that they were not maintained in proper technical condition.
- 2) Inconformity of house management and administration fees to real estimates of house maintenance expenses and often decisions on management fees were made at least ten years ago.
- 3) Set management fees are much lower and it is not possible to ensure the physical maintenance and preservation of houses as required by the national laws and regulations.
- 4) Many multi-apartment series buildings constructed during the Soviet period are approaching the end of service life
- 5) As a result- the existing housing stock in Latvia is in a poor technical condition and is becoming obsolete. This is due to a set of interactions of several factors – the state policy on housing is not clearly defined, the inability of apartment owners to take responsibility and care of multi-apartment buildings as a joint property, as well as low income does not allow purchasing a new dwelling, which at the same time hinders the overall development of the housing market.

### Co-financing Programmes for the Renovation of Multi-apartment Buildings

- The European Union funds are the largest source of financial resources for the renovation of multi-apartment buildings in Latvia. In 2009, co-financing from the EU funds became available for the renovation of multi-apartment buildings. (Ekonomikas Ministrija, 2020). During the period of the fund, i.e., the period of 2007–2013, a total of 741 multi-apartment buildings were renovated in Latvia.
- Total of 989 energy efficiency improvement projects were submitted in the period from 2016, when ALTUM started accepting projects, to December 2020, when ALTUM stopped accepting additional project applications. According to the data, most of the house renovation works are still ahead.

989	688	333	47	263
Submitted projects	Positive technical opinions	Positive grant decisions	In the renovation process	Renovations implemented

### Comparative Evaluation of Co-financing Programs. Expert opinions:

- 1) very complicated and difficult task for the heads of housing associations to carry out the renovation project on their own without the involvement of a competent project manager;
- 2) scrupulous examining and coordinating of documentation (positive side – as a result, the developed projects are of higher quality than during the times of LIAA);
- 3) funding model has also changed significantly (. If during the times of LIAA a bank loan of 100% of the total costs was required and after the construction half of the financing was returned through the grant, then within the ALTUM practice the grant financing is initially 50% and the remaining 50% and additional ineligible costs are taken as a loan in a commercial bank)
- 4) Within the framework of corrections, difficulties also appear in cases when it is necessary to change building materials. The process of re-approving the materials takes a very long time and ALTUM follows its own guidelines, which are sometimes not understood by the other parties involved in the project.
- 5) It is necessary to keep track of changes to the ALTUM guidelines and any of the forms, as missing any corrections to the formatting and submission of the requested form may result in errors that can no longer be corrected and can be costly for the project as a whole.