

7 | RIGA ENERGY AGENCY (LATVIA)

In order to meet its long-term building renovation targets, the municipality of Riga decided to set up a one-stop-shop that provides all necessary information on renovation programs co-financed by the city and other actors. In 2018, the city also established a pilot fund of €500,000 that allocates grants to condominiums. These can cover up to 50% of costs for energy renovation works. Through the grant scheme, the municipality hopes to raise citizens' awareness and motivation to renovate their homes. Between 2017 and 2020, 154 multi-apartments buildings have been renovated; however, these were not deep renovation projects.

PROJECT ID

One-stop-shop name	Riga Energy Agency
One-stop-shop location	Municipality of Riga (633,071 inhabitants)
Business Model	Coordination model
Legal status of the project company	Municipality company
Project sponsors	Municipality of Riga
Types of residential buildings targeted	Condominiums with 8+ flats
Cost of energy renovation works in the area	€15,400 for one or few measures – In average of €300/m ² Renovation cost for a flat of 4 people (60 m ²): €18,000.
Project kick-off	1 st of January 2018
Number of refurbishments performed	154 multi-apartment buildings (10,000+ inhabitants engaged) The number of energy renovations should double by the end of 2020.



LOCAL POLICY OBJECTIVES IN A NUTSHELL

The Latvian long-term strategy for the renovation of buildings aims at improving energy consumption in around 14,000 households between 2014-2023. At the local level, the municipality of Riga approved Riga's Development Plan 2030 that includes energy and climate related measures in the housing sector. The city also signed the Covenant of Mayors, thus committing to reduce emissions by 60% by 2030.

WHAT SERVICES DOES THE ONE-STOP-SHOP PROVIDE TO HOMEOWNERS?

Engagement process	✓
Energy renovation and financial plan	✓
Coordination of the renovation process	✗
Long-term and affordable financing	✓
Guaranteed results & post-work monitoring	✗

Engagement process

The physical one-stop-shop is located in the offices of Riga Energy Agency and is open to homeowners two days per week.

The one-stop-shop uses different communication channels to reach homeowners:

- A launch conference hosted by the Mayor of Riga was organised in June 2017, with 400 inhabitants attending;
- A physical office offering consultations to homeowners;
- Brochures;
- Website (www.renove.lv);
- Local events at district level organised in cooperation with local community leaders – this proved to be the most efficient way to reach out.

The most convincing arguments for homeowners are potential energy and financial savings as well as an **increase of the building value**. When advising homeowners on the renovation approach, construction works should be presented as several smaller lots, i.e. internal communication (pipelines, heating, etc.) and external general construction (windows, roofs, insulation, etc).

It is hard to convince flat owners to go into deep renovation in one single step due to a lack of financing. They are more interested in a step-by-step approach. In Riga, the municipality is not limiting the number of grants per house, so it is possible to receive funding for each energy efficiency action.

Energy renovation and financial plan

A subcontracted company performs an energy audit, financed at 80% by the municipality and 20% by the flat owners. Then, the one-stop-shop recommends implementing certain energy efficiency measures, provides recommendations on quality standards and pricing for construction works.

In the best case scenario (deep renovation), the homeowners can reach up to 50% energy savings, thereby decreasing his overall utility bill by 40%.

The one-stop-shop advises flat owners on the project financing, using their own resources, available subsidies and other financing means. It also provides assistance for the preparation of the application to the municipal subsidy scheme.



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Coordination of the renovation process

The one-stop-shop does not provide a list of professionals – as a public body, it cannot promote particular suppliers – and it is not engaged in the procurement process. Flat owners decide on their own which company they want to hire for the renovation works.

Long-term and affordable financing

The one-stop-shop provides condominiums with a **subsidy covering up to 50% of the renovation costs**. The maximum timeframe to use the grant is one year but in case of more complex projects (e.g. deep renovation), this might be extended by one more year.

There are three main requirements to receive the co-financing. The condominiums must have at least 8 flats and no debts on taxes related to housing. Owners should be organised in a cooperative in order to reduce administrative procedures and to be able to manage the renovation process independently. The idea is to shift the control and management of the building from the municipality to homeowners. Individual homeowners are not eligible for a grant. In addition, collectively, homeowners can get a bank loan to finance the remaining 50% of the costs more easily. Homeowners' cooperatives contract directly with suppliers.

In order to encourage the setting-up of cooperatives, the municipality provides them with 90% tax discount for 2 years. The city of Riga allocated €500,000 in 2018, €685,000 in 2019 and €1,000,000 in 2020 to the subsidy scheme.

Guaranteed results & post-work monitoring

The one-stop-shop does not guarantee neither the quality of the renovation works nor the achieved energy savings. It can control the construction works in specific cases (e.g. construction works classified as possibly dangerous).

BEHIND THE SCENES: HOW RIGA ENERGY AGENCY DEVELOPED ITS ONE-STOP-SHOP STEP-BY-STEP

Market Gap Analysis

In Riga, almost 85% of inhabitants live in multi-apartment buildings out of which 94% own their home. Around 6,000 multi-apartment buildings which cover almost 75% of the total floor surface were built during the post-war period with poor insulation. Households use 36% of the energy in Riga, they are the biggest energy consumer in the city.

Riga's effort to deal with energy renovation started in 2007 with the establishment of Riga Energy Agency. However, the energy renovation process remains too slow. By 2015, only 68 buildings (1.13%) had been renovated. One of the main reasons is the lack of awareness and unattractive financial instruments.

Other significant factors prevent homeowners to take actions:

- Low energy prices slowing down ESCO activities and private investments due to a long payback period (12-15 years on average);
- The average household is not ready to increase its monthly payments by more than 10% and to invest in energy efficiency without a support from experts;
- Lack of funding for deep renovation: homeowners are most likely to invest in single measures.

Local studies confirmed the need to offer a complete service to guide households, to motivate them to overtake control and management of their buildings, to stimulate energy efficiency measures and introduce a subsidy programme that would increase the popularity of retrofitting works.

Business model

The municipality delegated the task to develop integrated home renovation services to the Energy Efficiency Centre of **Riga Energy Agency**.

In order to coordinate the process, Riga City Council set up a **special commission**, including representatives of big housing companies, Riga City Council financial department, construction bureau, etc.

The one-stop-shop employs four persons, including a program manager and an assistant who coordinate the municipal subsidy scheme, an energy efficiency consultant and a construction work expert.

In order to cover the costs (salaries, marketing, events, administrative costs), the municipality should have around 60 multi-apartment buildings renovated each year. The one-stop-shop is fully financed by Riga City Council and does not generate **any revenues**.

The biggest challenge was to receive financing and get the necessary political support for the development of the one-stop-shop. The city's engagement in the European Covenant of Mayors initiative¹ was a good starting point to convince the City Council.

The one-stop-shop is open to homeowners two days per week, however, homeowners visit every day which creates extra work for staff members and an important visitor flow within the premises. It is estimated that every consultation lasts at least 40 min.

The information provided on the website or in local media was not sufficient, homeowners prefer face-to-face meetings. The municipality is therefore looking for new premises to receive homeowners properly.

1. <https://eumayors.eu/en/>