

Bottom-up initiatives: Condominium refurbishment in Prague

The “Na Stárce” retrofitting project exemplifies how end-users can successfully launch and carry out refurbishments and what the existence of subsidy schemes mean in setting refurbishment processes in motion, most importantly by providing a crucial argument in the persuasion process

Summary of the project

The project took place in Prague and consisted of applying energy-efficiency improvements to a 23-dwelling, 3 to 5 storey, 3 building multifamily residential complex. The construction system is a mix of masonry walls with prefabricated concrete slabs and timber roof truss, built in the 1990s; and due to their poor energy performance the buildings' external envelopes were in need of refurbishment. While the overall retrofitting process was implemented in the whole complex, residents had an option about renovation measures within their individual apartments: individual dwelling units are equipped with local gas boilers for space heating, and it was up to each flat owner to decide whether to replace them for more efficient ones. The project scope was applying an insulation layer to the external envelope of the building (also known as “external thermal insulation composite systems” - ETICS) and replacing the original single-glazed wooden windows, which was successfully implemented in line with the demand, needs and financial capacities with the owners. The project was informally initiated among owners in 2009, the formal procedure began in 2010, and the project was finished in 2012. The funding was ensured from a combination of owner contributions, commercial bank loans, and state subsidy for energy efficient residential housing investment.

One of the hardest parts of the process was the early stage of convincing people of the need of such improvements; some members were reluctant to make such investment and even to support the idea of a bank loan. The main argument to convince owners was the unique opportunity to obtain a significant state subsidy. It was correctly assumed that a subsidy in this amount will not be available in the future. Further arguments were the increasing gas prices and the planned increase of VAT. Finally these discussions and the preparation of the project concept helped to convince the hesitant members.

Actors

The flats are privately owned by natural persons and one legal person, a housing cooperative. Owners – both natural and legal – are associated into a SVJ (Společenství vlastníků jednotek – Home owners' association). Decisions regarding the management of the buildings are taken during the regular association meetings. Every owner has vote power proportional to the area in square meters of owned units, according to the law and the own regulations of the SVJ. According to the regulations a 75% majority is required to approve renovation projects.

Organization

In 2008 the dwelling owners launched a bottom-up initiative to reduce the energy consumption of the buildings, and also reduce the thermal discomfort through energy efficient retrofitting. Improve the value of their property also figured among their motives. In late 2009 the SVJ members voted to approve the project, with more than 75% of support. It was decided that a group of three members would be assigned as project coordinators, responsible for linking the SVJ and the contractors. In autumn 2009 the association voted for the possible reconditioning of the building and decided to co-operate with a designer.

Persuading the owners

At an early stage of project planning, the state sponsored “Zelená úsporám” (Green savings) programme, supporting energy saving investment in both renovations and new buildings, became available. Although the project planning started before the program was known, the potential financial contribution from the state programme gave an additional momentum to the decision to start the project. In order to be able to apply for a contribution from the state programme, certain technical requirements needed to be met. The main criterion was to reach at least 40% decrease in heating energy consumption compared to the original state, together with some other minor requirements, e.g. to comply with fire safety standards it was necessary to use canopies above the main entrances and add insulation from the rock wool on the ceiling in corridors.

Importantly, in the award process of the subsidy scheme there were uncertainties, and for a while it seemed that despite the original plan there would be no subsidies made available for the buildings. But

as the process has already started the owners decided to go along and carry out the renovation. In this sense the promise of the subsidy served as an important catalyst of the refurbishment, which was actually financed through a bank loan.

Although the SVJ had in place a maintenance fund saved from by monthly condominium cost payments, additional funding was necessary to undertake the project. A commercial bank loan was planned to be taken on to finance about 80% of the estimated cost of the project. The SVJ in its legal form would be the creditor of the loan and the members with their contributions would repay the loan. Banks usually offer special loans to SVJs for projects like this. Provided that some requirements are met by the association the loan can be granted without collaterals. Some of the main requirements of the banks are that there is a sufficient level of contribution to the maintenance fund and that there is good management of the SVJ finances, which were met by the association.

Work done

The retrofitting works took place between September and December 2011 financed by the bank loan. Only later in spring 2012 the grant was officially awarded and it took few more months until the loan was paid back to the bank with the subsidy received from the state programme. The renovated building now has lower energy consumption which resulted in lower energy heating costs. The project also left a better organized association, now more knowledgeable of how to undertake such projects in the future.