

This policy brief summarizes the findings of Residential Energy Efficiency in Low Income Households (REELIH); a joint Habitat for Humanity and USAID project that advocates energy efficiency retrofits in Armenia and Bosnia-Herzegovina on the basis of best practices in Central and Eastern Europe (CEE).

Residential energy inefficiency in low income households is a prevalent problem in countries in South Eastern Europe and CIS – even more so than in the EU. Due to a shared socialist past, nearly half of the countries' building stock today consists of large-scale pre-fabricated housing blocks that were built between 1960 and 1990 with little or no consideration for energy efficiency.

At the same time unemployment rates are high and economic growth lags behind. With energy prices steadily rising, households spend an increasing share of their income on utility bills, turning the poor energy efficiency of the past into the energy poverty of the future.

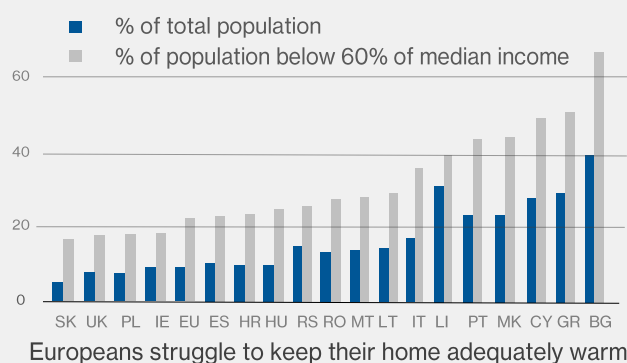
As a result of mass privatization waves after the collapse of the Soviet Union and the former republic of Yugoslavia, owner occupation rates are well above 80% - sometimes above 90%. This specific tenant structure makes a Western-centric policy approach largely ineffectual in the EU's East, but also in the countries in the SEE and CIS region. Looking at the EU's east for best practices, the REELIH project found that retrofitting successes there were bolstered by a thriving economy and favorable market conditions with the necessary financial products: Slovakia, for one, refurbished up to 50% of its house stock.

But whereas CEE countries' homeowners' associations were strengthened to support the retrofits, SEE and CIS countries lack a legal framework on the rights and responsibilities for the maintenance of common spaces. Banks are not equipped to lend to homeowners' associations, even though they prove to be more reliable borrowers. In addition, information on the benefits of refurbishments is not readily available among citizens and it is the visible beautification and comfort of a retrofitted building, rather than its energy performance, that trigger other retrofits.

Energy poverty by the numbers



48% of the CEE building stock was built between 1960 and 1990 and another 35% before 1960: that means most houses of the future were built more than 30 years ago – with little consideration for energy efficiency.



Space heating represents **60%** of all household energy consumption

Heat loss can be reduced by up to **70%**

Energy savings in the housing sector may range from **25** to **40%**

On the basis of this analysis, REELIH formulated six recommendations for a performant energy efficiency policy that builds upon the countries' particular tenants structure:

- 1. A clear framework for the management and maintenance of residential buildings**, which consistently integrates energy efficiency into the rights and responsibilities of homeowner associations and their members;
- 2. Financial mechanisms** that reduce the payback period for investments, either through the homeowners' association funds, or through grant and subsidy schemes;
- 3. The necessary technical assistance** to make up for the lack of know-how in homeowners' associations.
- 4. A link with energy poverty reduction**, as the lower middle class citizens who are most likely to live in the energy inefficient housing blocks are least likely to be able to afford retrofits. Subsidies and grants can break the vicious cycle of energy poverty;
- 5. Awareness raising** on two levels: on the one hand binding instruments to certify energy performance, on the other campaigns and training to increase awareness on the benefits of energy efficiency among home owners;
- 6. International cooperation and knowledge exchange** to establish best practices and support knowledge exchange. Energy poverty is, after all, a shared problem.