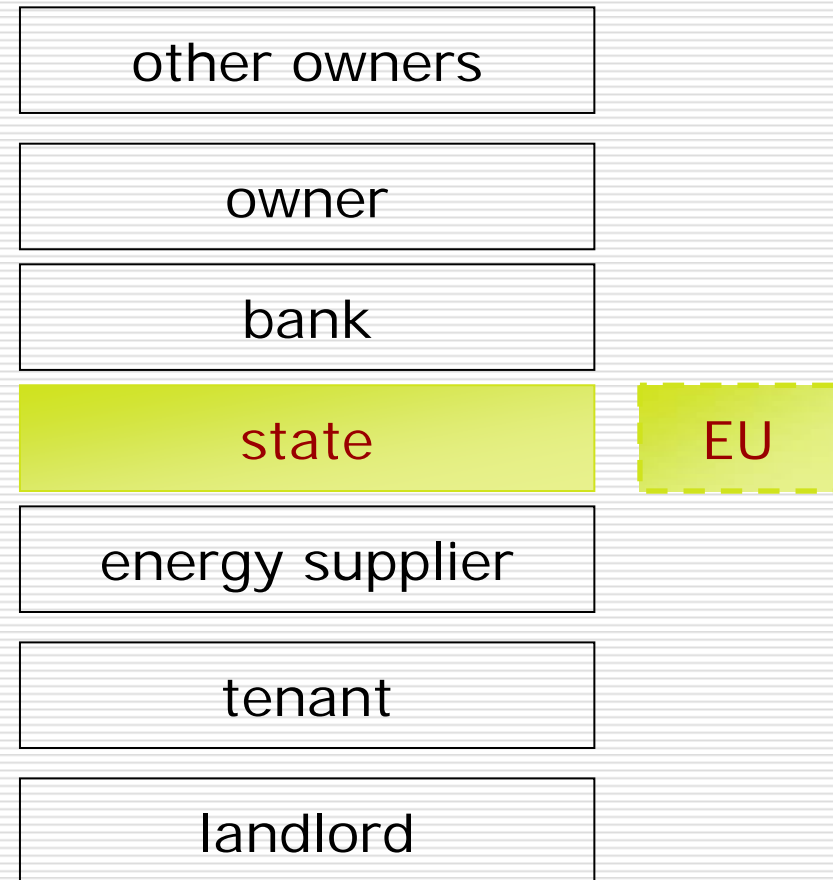


The Polish Example

Aspects

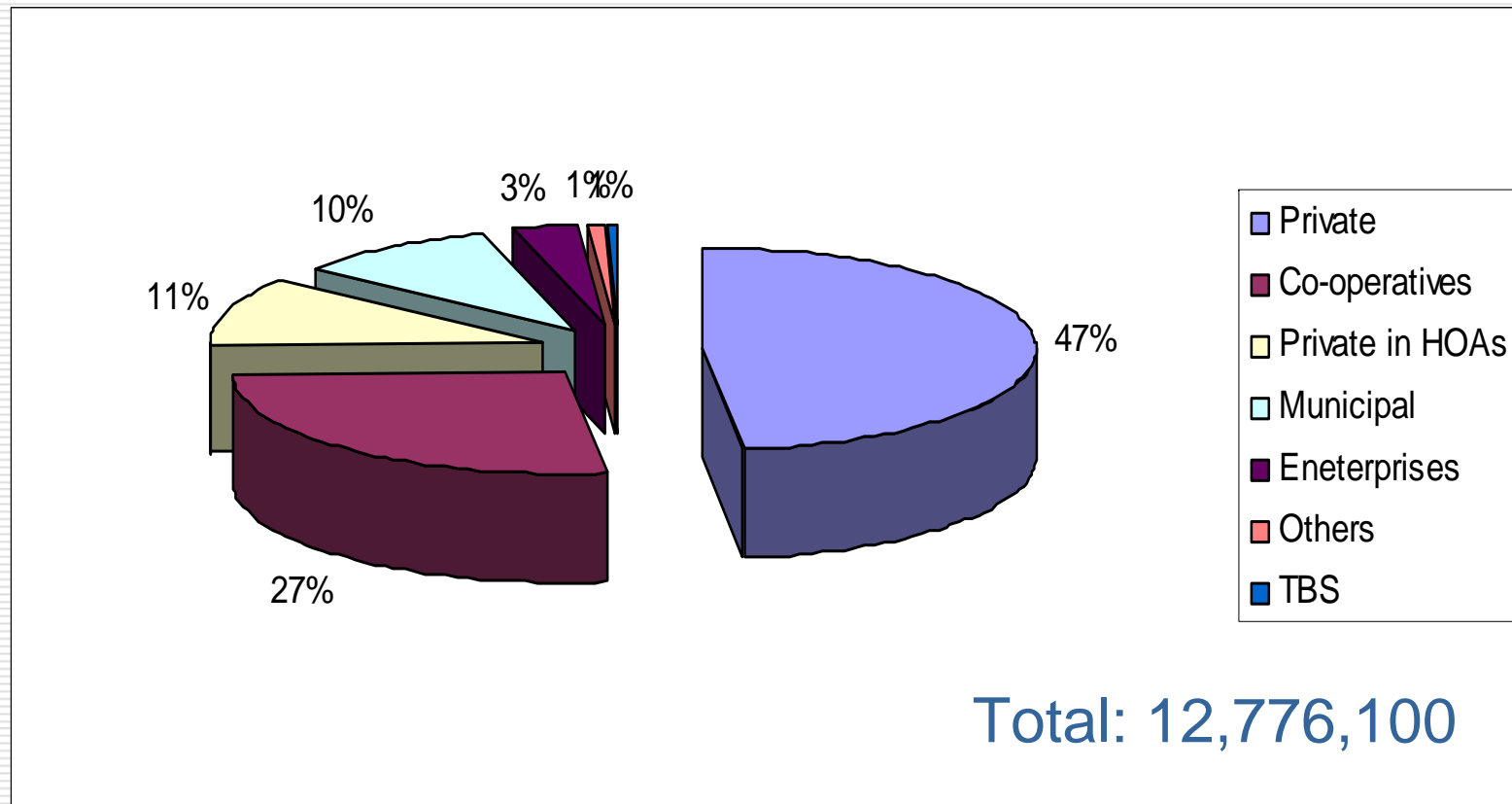
- the existing scheme was improved, so the long term subsidized financing of 100% energy efficient refurbishment is available (from 2009)
- however, the needs of the sector can be covered 1% yearly, so there is need to extend the existing scheme by separated funds
- the EU JESSICA scheme is under consideration in 4 from 16 Polish regions



Policy and market conditions for financing refurbishment of social housing in Poland

- Number of inhabitants 38,2 M
- Number of dwellings 12.596 M in total (66.5 sqm)
- Average number of inhabitants per dwelling 3,03
- Number of social dwellings in narrow terms (for vulnerable families) 30,000
- Number of social dwellings in wider terms app. 7.05 M in 0.6 M buildings (40% co-operatives, 40% HOAs, remaining part municipalities, private owners, enterprises, state)
- Disposable income households app. 800 €/month
- Total housing expenditures in average 18.6%, where for heat 6%
- Non payable bills 5-10% of tenants

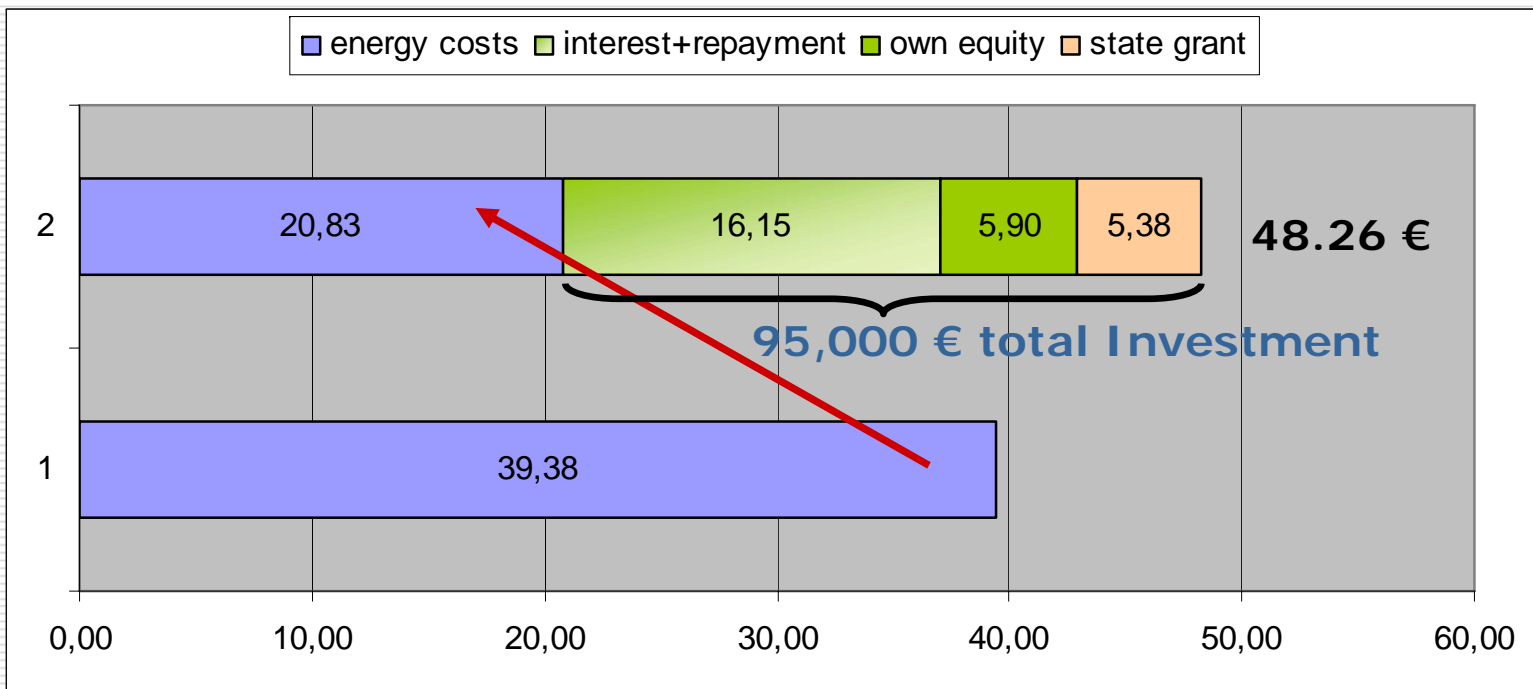
Ownership structure of dwellings in Poland



Source: (2005) Central Statistical Office Poland

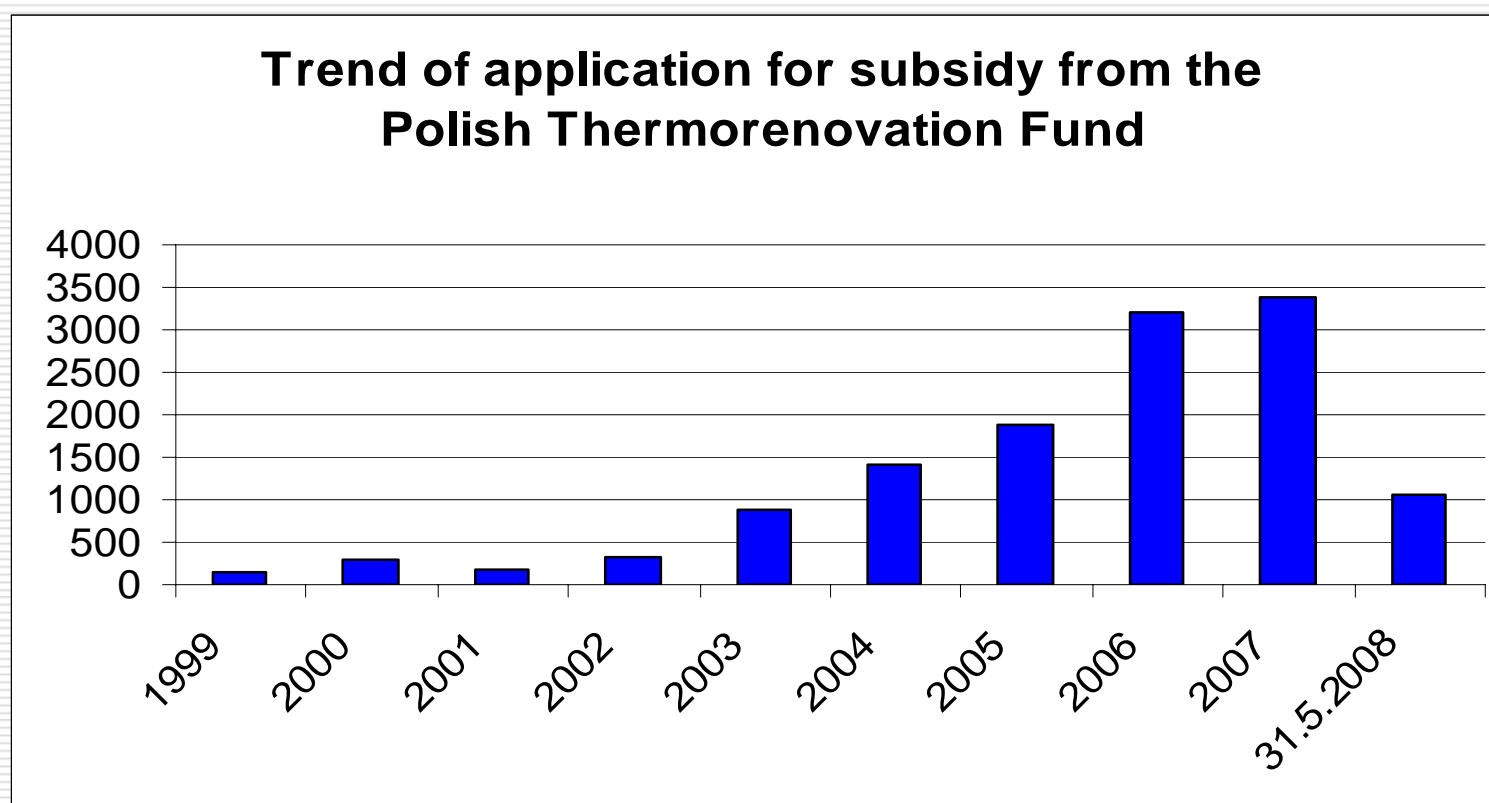
Financial framework, government support, subsidy and grant programmes

- The state facultative program for support of thermo-renovation of buildings started 1998 (after 3 years preparation and lobbying and provides 25% subsidy to the capital of the loan.
- thermomodernisation project is primarily financed by a commercial bank loan extended on the basis of relevant loan application including results of energy audit of a given building.
- investor applies to BGK for a thermomodernisation bonus via the respective lending bank. Results of respective energy audit are obligatory attached to such application
- **Until the end 2008 over 10 000 multifamily buildings (4% of eligible buildings) have used this scheme for financing thermo-renovation measures`**



Monthly spending for energy (1) could be replaced by financing refurbishment (2) due to equity and state grant

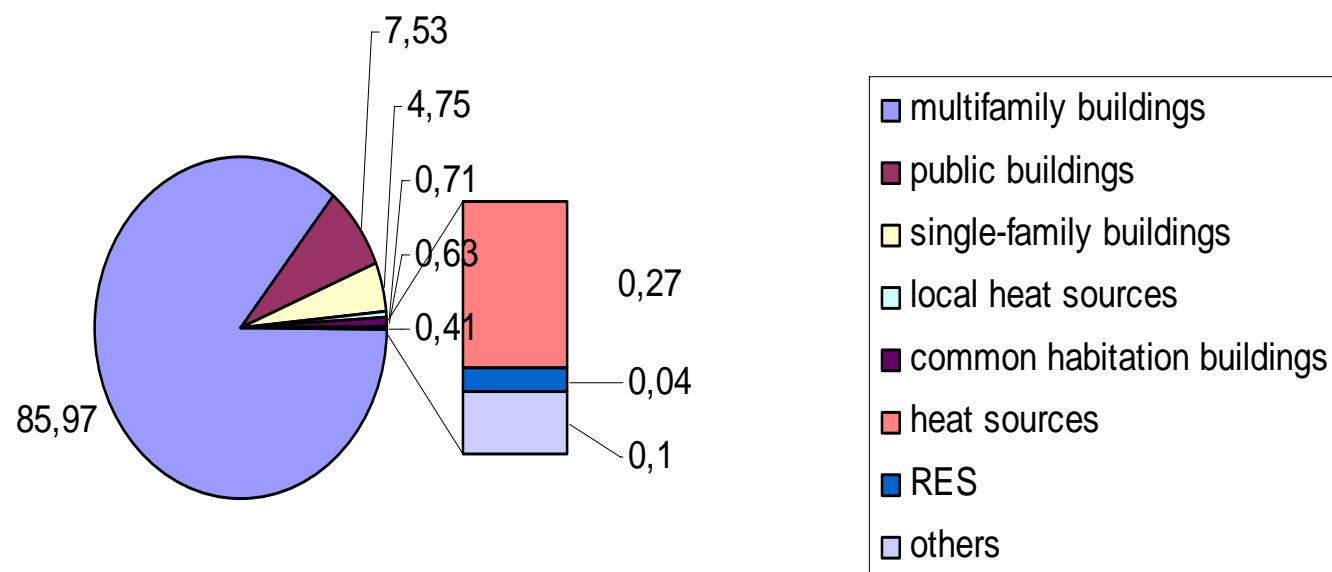
Utilization of Polish Thermofund



Number of applications for grant – total 12 771

Utilization of Polish Thermofund

**Structure of beneficiaries of Polish Thermorenovation Fund
until 2008**



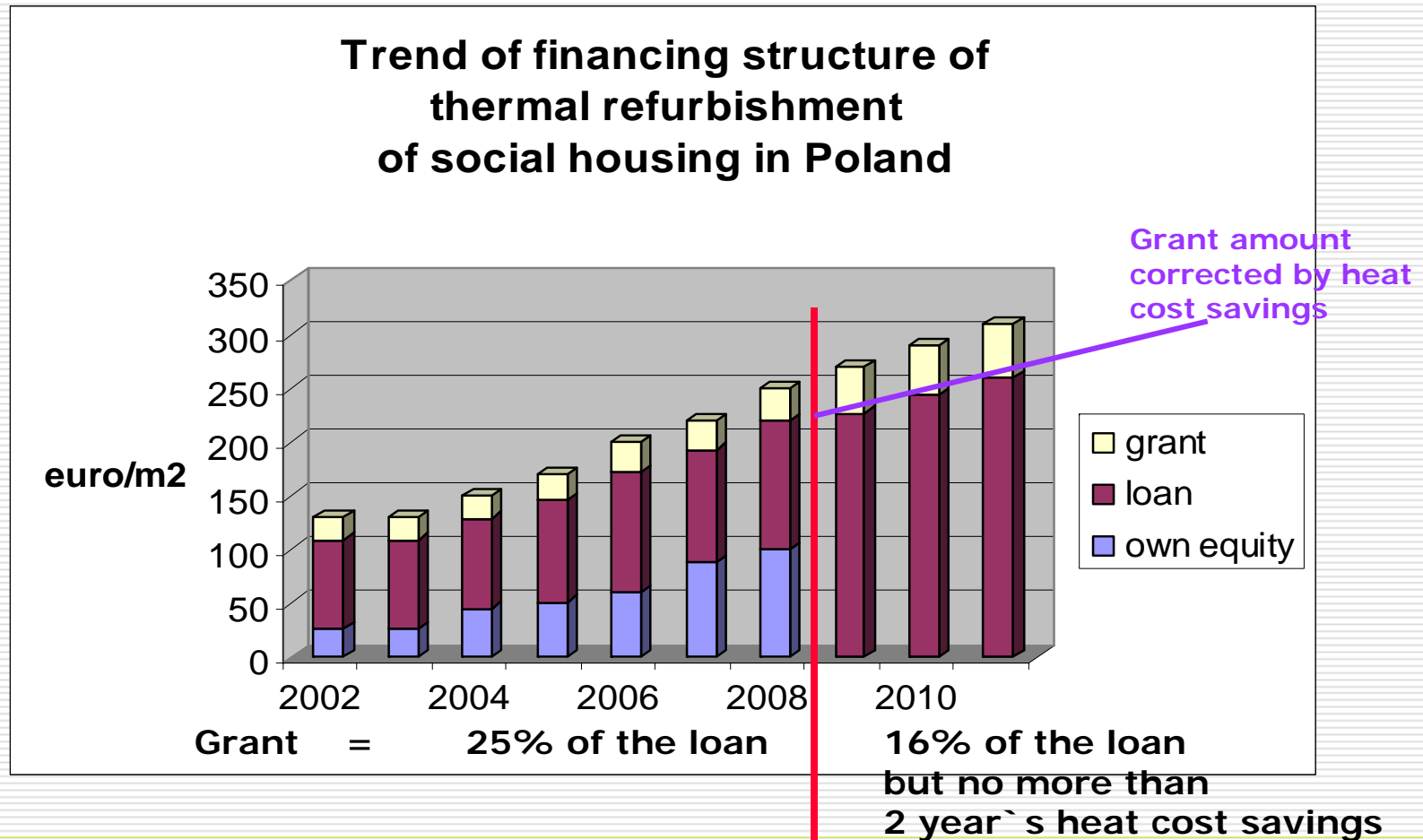
The Polish scheme provides following financial results during the activity period

Period	01.01.99- 30.09.2006
Item	Value (EURO)
Measures	603,000,000
Loans	410,000,000
Issued promises for bonuses	84,000,000
Paid bonuses	55,000,000

Current state policy – changes in Law

- Changes in criteria for subsidizing the EE measures in buildings:
 - Reduction of the bonus from 25% to 20% of the loan or 16% of the refurbishment cost, **but no more than 2 year`s heat cost savings**
 - Canceling the requirement of 20% own sources
 - No matching with EU cost refunding
- Introduction of additional bonus in amount of up to 15% of pure refurbishment sum and up to 20 % of the loan for buildings constructed before 1961
- Introduction of special bonus (related to the value of building) for buildings, which were privately owned, but there was minimum one municipal dwelling

Utilization of Polish Thermofund



Conclusions

- There is still an open question, how to finance the retrofitting of **remaining part** of housing stock constructed 1945-1988 e.g. app 567,931 buildings with 7,046,746 dwellings defined for the InoFin project as a target group. The estimated value of retrofitting measures is app. 50 bi €, while with existing system it is possible to cover 1 bi € only.
- **It seems, that the use of innovative scheme proposed under JESSICA can help in solving this problem.**