

Webinar: The Nearly Zero Energy Challenge
for Housing providers and cities

Overcoming divided ownership

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Content of this presentation

Divided ownership – what it is and how it affects the process of renovation?

Practical challenges of divided ownership

Summary of the key features of overcoming divided ownership in renovation process - experiences from nZEC project

Divided ownership – what it is and how it affects the process of renovation?

When residents play a major role in the decision making process, especially for what concern the renovation of existing buildings

Divided ownership

The resident is directly owner of the dwelling.

In the building there is more than one owner and each of them has a right to participate in the decision process.

Cooperative ownership

The resident has a stronger right of occupation than in the case of a normal renting contract

Cooperative owns the whole building, but the residents are involved in the decision process, for example because they are members of the Cooperative.

Estonia

Population 1,34 million
Territory 45,227 km²

- 98% of all the apartments privatized
- 75% of population living in apartment buildings
- More than 10 000 apartment associations today (divided ownership)
- Large differences in background knowledge and financial capacity of owners
- 1 apartment building = 1 apartment association (with own Board, General Assembly and plans for retrofit)



Practical challenges of divided ownership, vital especially for retrofitting projects, and renewable energy applications

- Lack of **financing**
 - lack of appropriate public financing assistance towards energy efficiency
- **Decision-making** concerning retrofitting
 - the decision-making process regarding energy retrofitting is quite complex with much importance put on the organization as well as legislative aspect. The Statute of an apartment association provides for the distribution of votes at a general meeting and therefore the necessary distribution of votes for decisionmaking may be different in associations.
- Inadequate **knowledge and skills**
 - The grant system is good but sometimes the owners themselves lack of knowledge about renovation, owner supervision and energy efficient behaviour.



Renovated buildings in Estonia managed by apartment associations (divided ownership)

Experiences from nZEC project: financing

- The main question for apartment associations today is how to minimize the cost of heating and renovate the existing buildings in the most cost-optimal way
- Having a stable financial base is essential to guarantee continuity and credibility over several years
- Financing schemes should be simple and take into account the different types of owners
- Grants motivate apartment associations to implement full-scale renovation
 - Reconstruction Grant for associations and communities in the amount of 35 % of the total project cost, offered by Fund KredEx
 - The flat owners are the beneficiaries of the financing schemes, receiving high value property and comfortable and healthy indoor climate with 50% energy use reduction

Experiences from nZEC project: decision making

- **Clear regulations** are essential in order to facilitate the decision making process for retrofitting. Legal framework should support the energy efficiency activities and create the clear frames for decision-making.
- The importance of **preparation for general meetings** of apartment association is often underestimated. The meetings are prepared by the board with help from energy expert and project manager and the materials should offer all information for owners to make the decisions for renovation. If the owners don't have enough information to make the supportive decision, extra general meetings are needed and the process will be longer than planned.
- Very important is **accurate and detailed technical project** for renovation. This is the basis for effective control and supervision during the renovation process and accelerates the organizational processes for renovation.
- It is essential to **involve independent energy expert** to the retrofitting process since very beginning. The expert can advise the board and answer to the different questions that owners may have before they are confident enough to make the decision.

Experiences from nZEC project: knowledge and skills

- Well educated apartment owners can take into account different considerations while making decisions on general meeting about renovation .
- **Training programmes and information campaigns** for owners on matters such as real costs and savings from refurbishment or on the impact of user behaviour on energy performance, would be beneficial.
- Offering **cost-benefit analysis** for owners is the most convincing element for apartment owners .
- Different **consultation services** must be available for apartment owners. Energy experts, legal advisers, project managers and consultants have the knowhow and experience that apartment associations need but very often miss as there are not financial resources or knowledge to order this services.

Overcoming divided ownership – from words to actions

Low energy housing standard has still to find its way into all Member States regulations and then down to construction and refurbishment practices.

What we need is innovative solutions for owners .

The divided ownership is not a challenge but benefit.

Thank you for your attention!

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