

Social housing in BULGARIA

- ✓ **Total number of inhabitants in Bulgaria towards December 2003: 7 801 300;**
- ✓ **The housing stock amounted to 3 688 802 dwellings;**
- ✓ **Average no. of inhabitants per dwelling 2,8 ;**
- ✓ **97% of the dwellings are privately owned;**
- ✓ **Only 3% of the dwellings are owned by state institutions or municipalities;**
- ✓ **The InoFin definition is relevant for Bulgaria: social housing concerns the provision of good quality accommodation for lower income groups including recently privatised housing stock as well as accommodation for vulnerable social groups**

Energy consumption in social housing in BULGARIA

- ✓ From 170 kWh/m² to more than 200 kWh/m²;
- ✓ 20% of the dwellings are connected to district heating;
- ✓ 80% of the dwellings are heated by individual heaters – wood, electricity, coal ;
- ✓ 14% of the households expenditures are for heating and domestic hot water;
- ✓ Many dwellings are not heated normally, either the temperature is very low, or only one room is heated;
- ✓ For a normal heating at current prices of heat energy from district heating households should spend about 40% of their incomes for energy.

Legislative framework for social housing in BULGARIA

- ✓ In Bulgaria there are no special laws, norms or other requirements concerning state or municipality owned dwellings. As 97 % of the dwelling stock is privately owned, the main laws concern the dwellings in blocks of flats.
- ✓ The management and the maintenance of blocks of flats is realized in accordance with:
 - ❑ The “Law for ownership” and
 - ❑ The “Rules for management, order and control in the blocks of flats”.

Proposal for a new “Law for ownership” in multi-family dwelling buildings

- ✓ For the managing of joint parts in the residential buildings in joint ownership, Associations of owners can be formed.
- ✓ The main goal of the Association is to maintain the building in good condition, according to requirements for people's health and live preservation, their property preservation, fire safety regulations and environment protection.
- ✓ The Assembly of owners set up and maintain Reserve fund.
- ✓ The Assembly may apply for financing of projects, for increasing energy efficiency from “Energy Efficiency” Fund.

National Program for Refurbishment of Dwelling Buildings in Bulgaria

✓ **The key actors in the program are engaged in it by the following ways:**

☐ **THE STATE** creates necessary legislative, economic and institutional conditions for the program implementation.

☐ **THE MUNICIPALITY** elaborate and implement investment programs for building retrofitting, etc.

☐ **HOME OWNERS** establish and register legal person, representing the joint property and bear the financial responsibility for the refurbishment (financially contributed by the state, through tax relieves and grants).

☐ **OTHER MARKET ACTORS, such as banks, architects, engineers, etc.** propose contracts for refurbishment and implementation of energy saving measures and RES.

The Program is divided into two subs – programs:

- ✓ **First Sub – Program:** Duration – 11 years (2005 – 2015);
Scope – 105 000 dwellings from the panel complexes of Burgas, Varna, Plovdiv and Sofia.
- ✓ **Second Sub – Program:** Duration – 13 years (2008 – 2020);
Scope – 579 676 dwellings countrywide
- ✓ **Different sources of financing are foreseen – From the state (20% of the total cost of the refurbishment), the total amount for the whole program is 830 million Leva. ; Financing from the homeowners (it's calculated that for the flat of 75 m² the owners have to invest 5 100 Leva from the total refurbishment cost of 6 375 Leva);**

National legal framework with respect to EPBD implementation in Bulgaria

- ✓ **Law for Energy**
- ✓ **Energy Efficiency Act.**
- ✓ **Regulations to the Law for Energy Efficiency**
 - ☐ **National energy certificates and labelling**
 - ☐ **Regulation for energy efficiency investigation -The conditions and the method for completing energy efficiency investigation of energy consumers by sites;**
 - ☐ **Technical standards in housing construction**
 - ☐ **National aspects of building categorisation**

Grant schemes for social housing refurbishment in Bulgaria

- ✓ The Ministry of Economy and Energy Resources, the Ministry of Regional Development and Public Works and the municipalities are responsible for the elaboration and implementation of these schemes.
- ✓ The state Energy Efficiency Agency (EEA) to Ministry of Economy and Energy Resources is also responsible for the elaboration and implementation of financial schemes for improvement the energy efficiency in buildings. The activities of EEA include among others:
 - ❑ Improving the energy efficiency;
 - ❑ Legislative regulation of the fund “Energy efficiency”;
 - ❑ Ensuring financial support for development of the energy efficiency in Bulgaria.

Grant schemes for social housing refurbishment in Bulgaria

In Bulgaria there are two grant schemes available for housing refurbishment. The grants/loans are provided by:

- ✓ Energy Efficiency Fund and**
- ✓ The Residential Energy Efficiency Credit Line, established by the European Bank for Reconstruction and Development.**
- ✓ The National Program for Refurbishment of Dwelling Buildings in Bulgaria foresees also grants for refurbishment of dwelling buildings. The budget for 2006 was not adopted, but it is expected that the programme will start in 2007.**

The Energy Efficiency Fund in Bulgaria (EEFB)

✓ is established through the Law for Energy Efficiency. Initially capitalizing by grants with about 20 millions USD.

✓ **Objectives of EEFB:**

❑ EEFB have functions of: bank, tool for credit guarantees and consulting centre. EEFB provides technical support to Bulgarian companies, municipalities and legal persons at the elaboration of investment projects for energy efficiency, after what EEFB support the financing.

❑ EEFB offers the following financial products:

- **Private guarantees on credits:** financial guarantees up to 500 000 USD per project for trade banks that grant loans for execution of energy efficiency projects;
- **Loans:** loans for projects for energy efficiency with a value between 19 000 USD and 1 900 000 USD with interests lower than these on the market.

The Energy Efficiency Fund in Bulgaria (EEFB)

✓ Main requirements to the projects:

- ☐ At least 50% of the economic profits of the projects should be from proved energy savings;
- ☐ The project should implement energy efficient technologies with proved qualities;
- ☐ The share of the executor of the project should be at least 10% of the costs at joint financing by a bank and EEFB and at least 25% at own financing and credit from EEFB;
- ☐ The pay-back period of the project should be maximum 5 years.

Types of projects financed by EEFB:

✓ Investments for improvement the energy efficiency of industrial processes through:

☐ Purchase of equipment and tools;

☐ Technical support and consultations for installing and training of staff for use of the new equipment and technologies;

✓ Refurbishment of buildings in all sectors. The refurbishment should be oriented towards improvement the energy efficiency of the building through:

☐ Improvement of district heating substations with heat exchangers;

☐ Thermal insulation of walls, ceilings and roofs, improvement of windows;

☐ Devices for use passive solar energy;

☐ Improvement of heating and cooling installations and improvement of lighting.

Types of projects financed by EEFB:

- ✓ **Change of fuel and improvement of heat supplying network;**
- ☐ **Installation of new efficient boilers;**
- ☐ **Installation of systems for automatic management of boilers;**
- ☐ **Different heaters for domestic hot water to be used in summer season;**
- ☐ **Changing of pipes and radiators;**
- ☐ **New metering devices;**
- ☐ **Insulation of pipes of heating installations;**
- ☐ **Small CHPs and high efficient thermal pumps.**

General conditions for loans and guarantees granted by EEFB are given in the following table:

Beneficiary	Annual interest rate	Maximum period	Own financing of the beneficiary
Municipalities	2,5 – 5 %	5 years	10 % - 25 %
Legal persons	4 – 7 %	5 years	10 % - 25 %
SMEs and natural persons	6 – 9 %	5 years	10 % - 25 %

The Residential Energy Efficiency Credit Line

✓ is established by the European Bank for Reconstruction and Development. EBRD extend loans to 4 private Bulgarian banks for on-lending to the residential sector for improvement in energy efficiency both in blocks of flats and individual houses.

✓ Eligible sub-projects include the following energy efficiency improvement:

- ☐ Energy efficient windows;
- ☐ Thermal insulation on walls, roofs, slabs;
- ☐ Efficient biomass boilers;
- ☐ Solar water heaters;
- ☐ Efficient gas boilers.

The Residential Energy Efficiency Credit Line

✓ Householders can obtain incentive grants from €200 to €850.

Energy Efficiency Improvement Measures	Incentive Level per Measure	Incentive Grant Cap per Measure in Euro
Energy efficient windows	20%	^ 200
Wall insulation	20%	^ 250
Roof insulations	20%	^ 250
Floor insulations	20%	^ 250
Efficient biomass stoves and boilers	20%	^ 400
Solar water heaters	20%	^ 400
Efficient gas boilers	20%	^ 400
Heat Pump Systems	20%	^ 400
Home Energy Efficiency Project:		^ 850

The Residential Energy Efficiency Credit Line

✓ Participating Banks

☐ Bulgarian Post Bank

- Low interest rate – 11,9%
- Credit amount up to 15 000 leva
- Repayment period – up to 60 months

☐ DSK Bank

- Credit amount: from 500 Leva to 20 000 Leva / equivalent in euro;
- Repayment period – up to five years, regardless of the amount;
- Gratis period – up to 6 months;

The Residential Energy Efficiency Credit Line

✓ Participating Banks

☐ Reiffeisen Bank

- Low interest rate – 12,5%
- Credit amount from 500 to 12 000 leva
- Repayment period 12 to 60 months

☐ United Bulgarian Bank (UBB)

- Credit amount: from 500 Leva to 8 500 Leva / equivalent in euro;
- Repayment period 6 to 60 months;
- Low interest rate – 12,75%;

The National Program for Refurbishment of Dwelling Buildings in Bulgaria

- ✓ Foresees also grants for refurbishment of dwelling buildings. The budget for 2006 was not adopted, but it is expected that the programme will start in 2007.
- ✓ The direct state subsidy amounts to 20% of the basic package of measures necessary for refurbishment of the buildings.
- ✓ The programme foresees the refurbishment of 650 980 dwellings.
- ✓ The necessary funds for the first phase (2006-2015) are 670 000 000 Leva;
- ✓ The necessary funds for the second phase (2008-2020) are 3 480 000 000 Leva;
- ✓ The total necessary funds are 4 150 000 000 Leva;
- ✓ The subsidies amounts to 830 000 000 Leva.

Drivers and barriers to housing refurbishment in Bulgaria

✓ Legal barriers:

☐ The main legal barrier limiting the application of financial mechanisms in the social housing sector in Bulgaria is the out-of-date Law for ownership.

☐ The lack of housing associations. The current law requires the agreement of all owners of flats in a building to realise any improvement. There is no definition of the status of the social housings (owned or rented).

☐ The property in block of flats and the ownership of the land in the dwelling areas should be regulated.

✓ Institutional barriers:

☐ There is no specialized institution for research and analysis of the situation of the social housing stock.

☐ There is no housing association that deals with the erection and the management of social rental dwellings.

Recommendations

✓ For the refurbishment and the improvement of the energy characteristics of social housing in Bulgaria it is necessary to apply an integrated approach, aimed at some problems at the same time:

□ Legal:

- Definition of the status of the social housings (owned or rented);

■ Regulation of the property in block of flats and the ownership of the land in the dwelling areas:

- Creation of representative organizations of the owners, registered as legal entities – associations of owners.
- Some requirements to the buildings owners should be normatively regulated, in order to clearly and explicitly define the obligations of the owners to maintain their property;
- At the main stages of a building refurbishment should be specified: examination of the town-planning decisions, technical examination of the building, energy audit, determination of the necessary and recommended operations on refurbishment and their evaluation, inquiry among the inhabitants, execution, preparation of a passport after the refurbishment.
- Improvement of the system for management and maintenance of buildings, subject to property in block of flats;
- Determination of statute of legal entities of the general assemblies on the property in block of flats.

■ **Technical:**

- **Implementation of higher standards for the energy characteristics of social housings.**

■ **Financial:**

- **Amendments to the tax laws;**
- **Amendments to the Law on banks;**
- **Implementation of contracting model: give subsidies for the implementation of energy efficient measures (as a kind of contracting model) instead of subsidies for heating.**
- **Amendments to the tax laws:**

■ Increase of awareness:

- **Implementation of an informational and educational campaign among the population;**
- **Elaboration and implementation of pilot projects, scientific researches and demonstration programmes supported and coordinated by the state and municipal authorities.**

