

Methodological recommendations for the co-owners of apartment buildings: elaboration of energy-efficient projects

Funding sources for energy-efficiency activities

On behalf of:



of the Federal Republic of Germany

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Funding sources for energy-efficiency activities

Goal – ensure the implementation of projects designed to increase the energy efficiency of apartment buildings as well as arrange construction, installation and launching works.

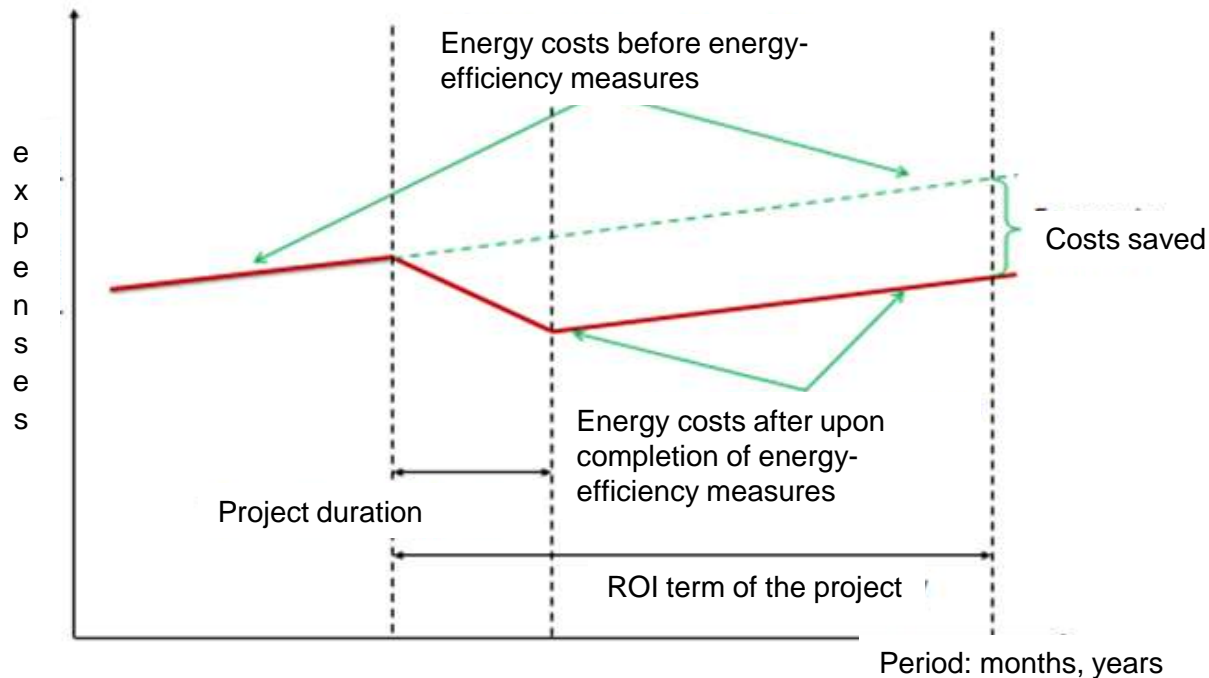
Key issues – finding the optimal funding scheme for the project

- minimization of financial risks related to funding from external source





Economic sense and advantages of energy-efficient measures



- ✓ **More comfortable living conditions in apartments**
- ✓ **Higher market value of residential property**
- ✓ **Longer term of use for buildings (up to 30 years)**



Financial mechanisms (1)

- Direct investments of co-owners including via special funds;
- Loans from banks, private investors etc.;
- Co-funding from local budgets and/or the state budget;
- Contract with a third party on the funding of energy-efficiency activities (for example, involving a supplier of energy services);
- Gaining grants from international donor organizations.

The above financial mechanisms can be used separately and jointly.



Financial mechanisms (2)

Factors determining the choice of the financial mechanism:

- ✓ Financial data of the energy-efficient project and its ROI term;
- ✓ Financial power of apartment owners;
- ✓ Loan terms of banks or private investors;
- ✓ Working state and/or local programs supporting energy efficiency and their funding terms (refund of expenses);
- ✓ Terms of international donor organizations for providing grants for energy efficiency.

It is recommended to opt for funding options with the lowest financial burden on apartment owners and the shortest ROI term.



Fund-raising (1)

Funding sources of house owners' associations (OSBB):

- ✓ Monthly contributions of apartment owners;
- ✓ Dedicated single contributions of apartment owners;
- ✓ Voluntary contributions of private persons and legal entities;
- ✓ Targeted funding from the local budgets;
- ✓ Dedicated contributions of other legal entities;
- ✓ Revenues from the lease of non-residential space in the building;
- ✓ Other legal sources of funding.

Validity of the decision on the creation of the fund:

- General meeting of the house owners' association
- At least 2/3 of the apartment owners gave their vote for the fund creation

The funds are saved at the associations' bank account.



Fund-raising (2)

Funding sources of housing cooperatives (ZhBK):

- ✓ Members' contributions;
- ✓ Contributions for the overhaul of the house(s);
- ✓ Operational contributions;
- ✓ Revenues from the lease of non-residential space in the house;
- ✓ Other revenues.

Validity of the decision on the creation of the fund:

- General meeting of the housing cooperative's members (at least 2/3)
- At least 3/4 of the apartment owners gave their vote for the fund creation

The funds are saved at the cooperative's bank account.



Fund-raising (3)

Non-associated co-owners of apartment houses (NSBB):

- ✓ Based on management costs for the apartment house;
- ✓ The costs of house management services are agreed by the parties and stipulate in the contract with the managing entity.

Validity of the decision on the house management costs:

- Meeting of the co-owners;
- The decision was supported by the owners of apartments and non-residential space whose total footage is more than 75% of the total footage of all apartments and non-residential space in the apartment house.

The funds are accumulated on the separate bank account of each house opened by the managing body.



Credits and loans



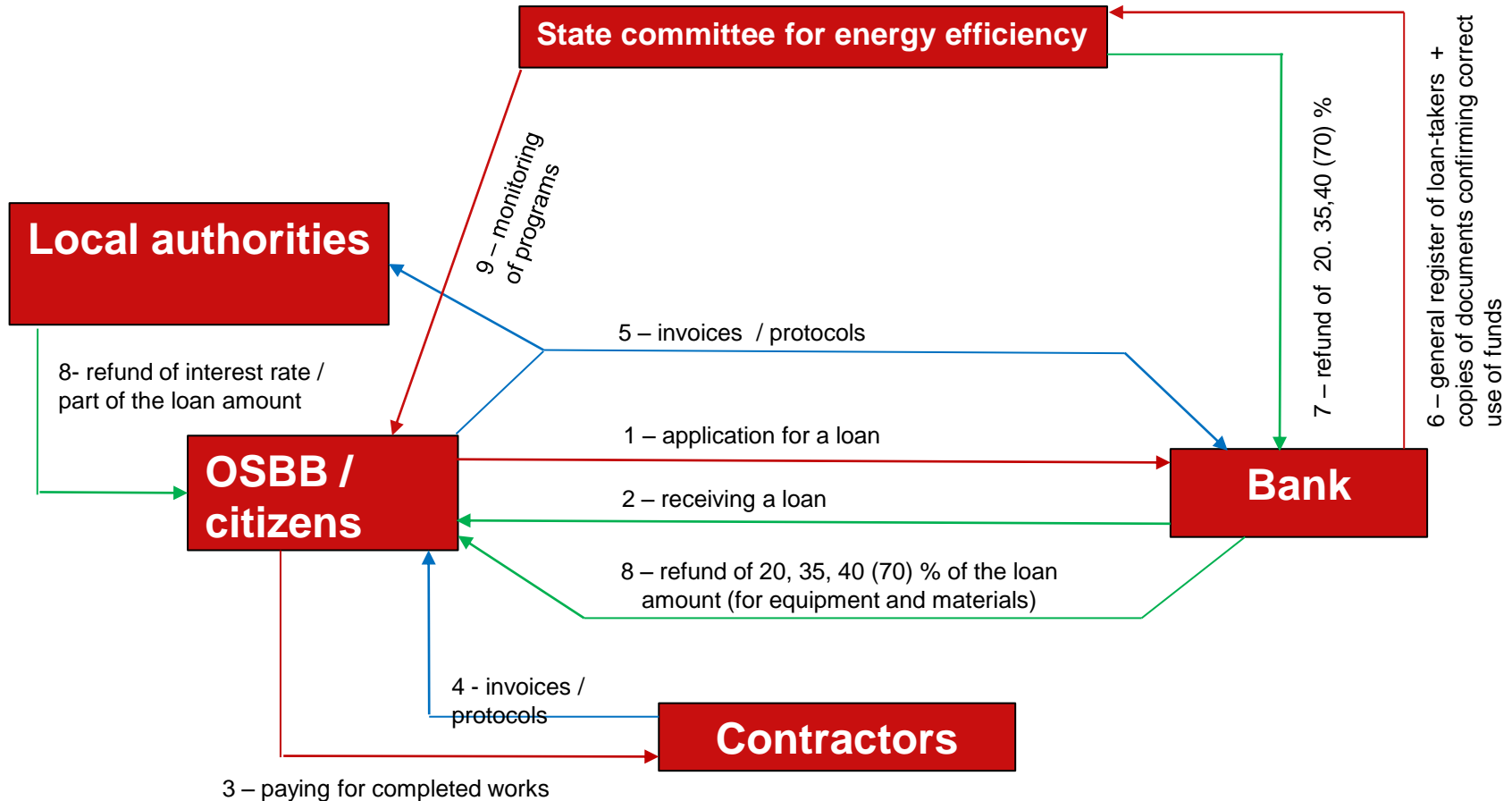
Can take credits and loans on terms agreed with banks or other creditors.



Taking loans can be settled through the manager.



Mechanism of the state support for energy-efficiency activities



Refund – up to 2 months after the completion



Terms of the state support program

Refund of the loan amount:

- **20%** (but not more than UAH 12000) – replacement of gas boilers for households;
- **35%** (but not more than UAH 14000) – for citizens implementing energy-efficiency measures;
- **40%** (but not more than UAH 14000 per apartment) – for OSBB and ZhBK as legal entities, for overall activities in the house;
- **70%** - for citizens receiving subsidies to pay for housing utilities.

If an OSBB has members who receive subsidies, this OSBB receives a refund ranging from 40% to 70% depending on the number of subsidy recipients.

As per October 31, 2016, **154770** loans amounting UAH **2567.1m** were granted including **452** loans to OSBBs/ZhBKs amounting UAH **57.33m** (average UAH 127 thousand per 1 OSBB/ZhBK).



Energy-efficient equipment and materials

Use	Types of equipment and materials
Separating elements	Items and materials for wall insulation, roofs and basements, elements with energy-saving glass (windows, doors) except for one-layer constructions, doors for rooms of public use
Heating systems	Equipment and materials for individual heating, heating flow regulators, water heating radiator systems, hot-water supply systems, heat pumps, heliocollector systems
Ventilation systems	Ventilation-air heat exchangers and relevant equipment (<i>for one- and two-apartment houses</i>)
Lighting systems	Electric cables and additional equipment, energy-efficient lamps, movement/presence/light sensors
Meters	Heating meters, cold and hot water meters, switch modules, multi-zone electricity meters and automation systems



Energy-efficient materials and materials which can be purchased with state support

For private persons (single houses and apartment houses)



For OSBB and ZhBK



Materials for the insulation of walls, basements, roofs in residential houses

Energy-saving double-layer window sets

Water consumption meters

Heating and water meters

Heating radiators with thermoregulators

Heating regulators

Heat pumps

Individual heating point

Ventilation air heat exchangers

Materials and equipment for the Modernization of public lighting systems

Solar energy collectors



Partner banks



Loan terms:

- ✓ Maturity period up to 120 months
- ✓ Loan amount up to UAH 10m
- ✓ Interest rate – starting from 22.9%
- ✓ Single fee – 1% of the loan amount
- ✓ Loan taker's own contribution – no
- ✓ Insurance – no
- ✓ Security – not required



Loan terms:

- ✓ Maturity period up to 60 months
- ✓ Amount – 100% of the loan but not more than UAH 42000 for one apartments
- ✓ Interest rate – starting from 23%
- ✓ Single fee – 1% of the loan amount
- ✓ Loan taker's own contribution – no
- ✓ Insurance - no
- ✓ Security – the bank can demand a deposit equal to the re-payment for 1 month

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Prospects for the extension of the financial support (1)



Donors



SWEDEN



Partners



Terms

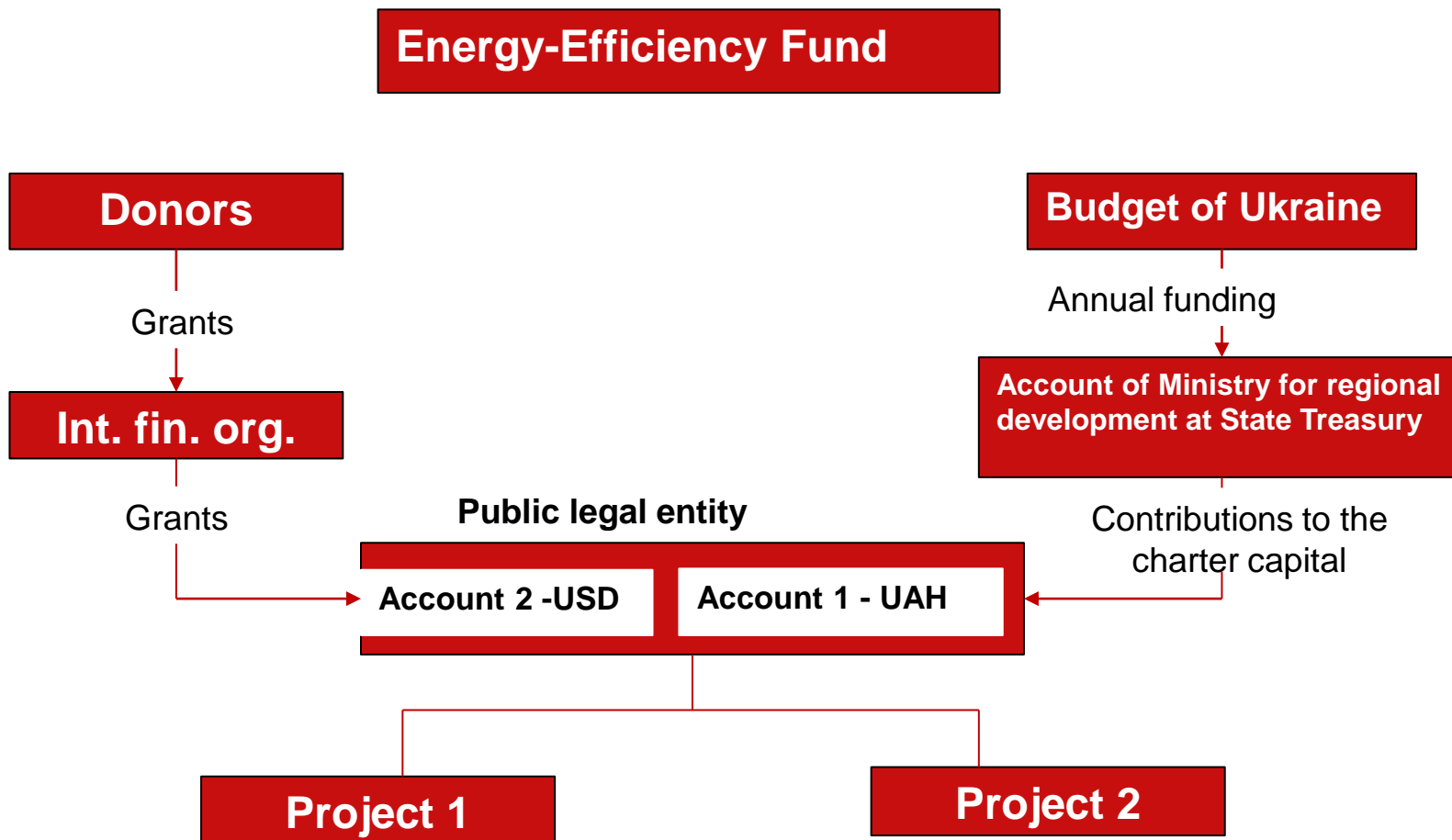
Interest rate – starting from 19.99%

Grants – 15%-20% for citizens

25%-35% for OSBB



Prospects for the extension of financial support (2)



On behalf of:



Federal Ministry
for the Environment, Nature Conservation,
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