

# CASE STUDY

THE NEIGHBOR EFFECTS  
AS THE SUCCESS STORY FOR HOUSING  
RENOVATION IN LIEPAJA, LATVIA

*Liepaja city municipality*



***Liepāja***

# LIEPAJA CITY MUNICIPALITY

- **72 multi-apartment houses renovated in the period 2016-2023**
- **35 mln. EUR project total costs**
- **Renovated districts with quality living environment**
- **Liepaja as the most known role model for energy efficiency in Latvia**

**Liepāja** 

## PITCH-TALK SUMMARY

Liepaja city is the leader in the whole country with implementing energy efficiency projects in multi-apartment housing. 178 out of 600 multiapartment houses have been renovated in the period from 2006 to 2023. Despite great results, city still has neighborhoods with only 7% and 13% renovated houses. Municipality shares the experience and knowledge how meaningful are the neighbouring houses for taking positive decision to start the renovation process. For Latvian mentality neighbour success factor is crucial to start the action. As result, there are districts of multi-apartment houses being renovated, also backyards improved altogether making quality environment for living. Liepaja city example with almost 20 yearlong clear political and administrative, financial support show how the face of residential areas built in soviet times can be modernised and integrated in nowadays lifestyle.

# CASE CONTENT AND ISSUE

Latvia has a substantial volume of run-down housing from which most is older than 50 years. Similarly, to other municipalities, also in Liepaja additional support is needed to prevent these houses turning into dangerous for living and even more important – energy efficient. Co-ownership of these houses and the need to make decisions with support of majority residents often are delaying implementation of renovation projects.

Figure 1 shows the amount of CO2 emissions – it has decreased by 45% since 2006, and in 2018 it was 122 558 tCO2. The achieved reduction in CO2 emissions can be explained by the implementation of significant energy efficiency measures in boiler houses and cogeneration stations, as well as their transition to renewable energy resources. 58 out of 65 municipal buildings have been insulated in 2020, as well as other energy efficiency projects were implemented.

In 2023, Liepaja city has concluded that overall support (financial, informational etc.) for housing renovation has been indeed huge and therefore this city shows the best results in the country. However still 70% of houses attached to district heating system network are not renovated yet – what else municipality can do to encourage positive decision taking of apartment owners to start the renovation process? Liepaja city municipality representatives have been always participating in RoundBaltic discussions, also in other events and discussions with spreading their experience and needed changes in the legislation that could support more active housing renovation not only in Liepaja but whole country. This main question – what else the municipality can do – was also the topic of second RoundBaltic Kurzeme regional roundtable in January 2023.

Liepaja city goals for 2030 include renovation of district heating networks, bigger usage of renewable resources in heat energy production, informational campaigns, supporting housing renovation, attracting more users for district heating, implementing and promoting ESCO projects, developing transport systems and more.

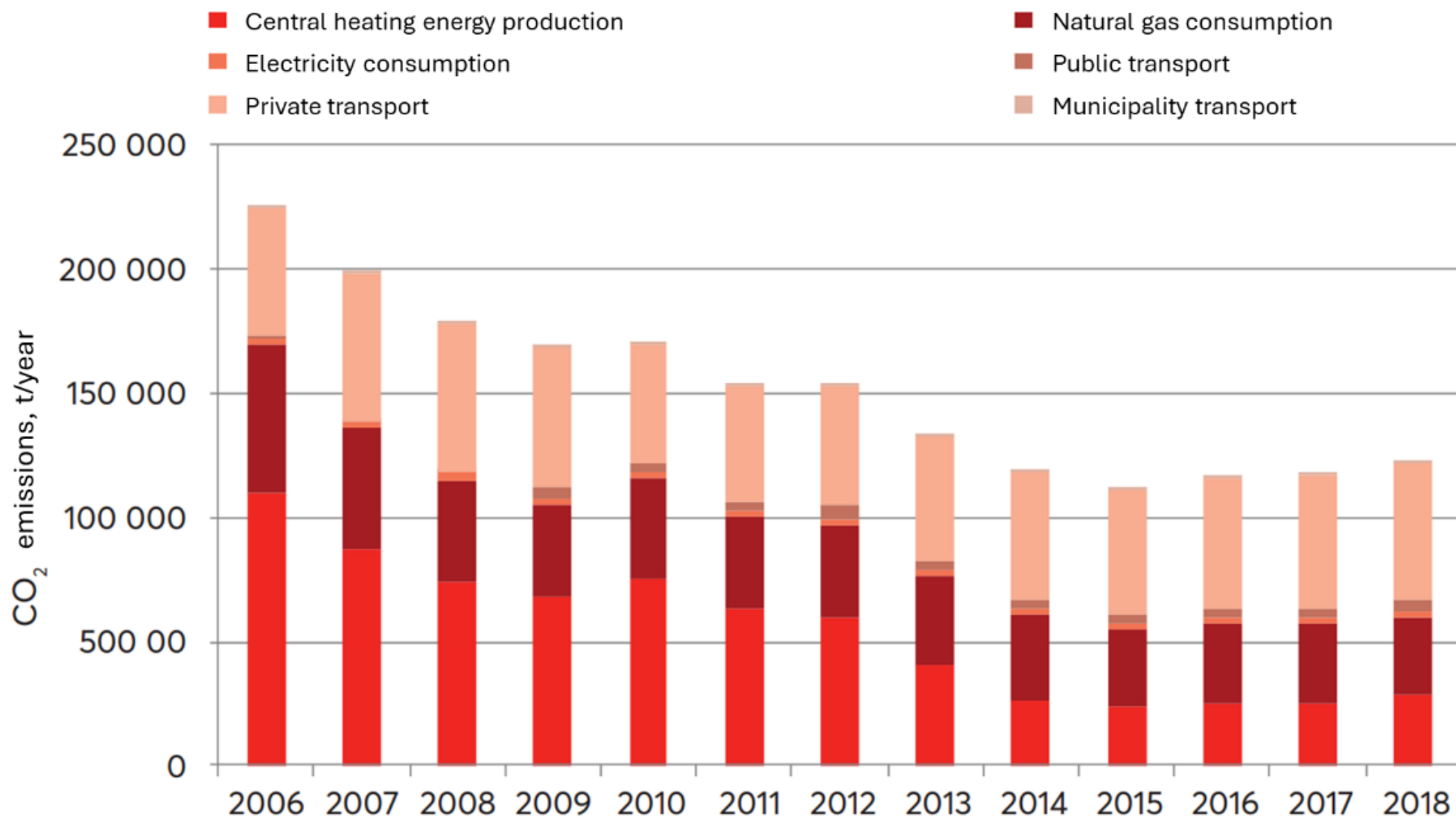


Figure 1. CO2 emission sources and dynamics in Liepaja 2006-2018, Liepaja SECAP 2030

# SOLUTIONS APPLIED

- Start was the political decision – city council adopted binding regulations on co-financing for renovation of multi-apartment buildings in 2007.
- Active participation in EU fund programs since 2009.
- Very visible examples of renovated multi-apartment building in each neighborhood – neighbors were positively affected by others and took positive decisions upon executing renovation projects.
- Regular informing of citizens in municipal newspaper which was spread for free.
- Active and endless municipal support (informative, educational, financial (for technical documentation)).
- Very active and often voluntary work with contact persons of each multi-apartment building and explanation to their residents.
- Competition between houses for the best and tidiest outlook.
- High interest from the building manager – mostly companies. They had gained enormous experience throughout the years and were informative supporters.

- Municipal support programs for renovated houses for improving backyards motivated more houses to start the renovation.

Energy efficiency has been set as one of the top priorities for the work of municipality and subsequently yearly funds and information campaigns followed.

Liepaja experienced true neighbor-domino effect – neighbours saw the best practices around and that helped to start the renovation processes also for their houses.



# RESULTS

Altogether 178 or 30% out of 600 multi-apartment houses connected to the municipal district heating system have been renovated in the period from 2006 to 2023.

With the support of the finance institution ALTUM 72 multi-apartment houses with 3923 apartments were renovated in Liepaja city between 2016 and 2023. Main results for all 72 multi-apartment houses:

- the total investment reached 35 348 464 EUR from which 50% were granted from EU funds;
- the total amount of CO2 emissions per year is 5162,35 tons which is 40% less than before renovation;
- the total heat energy savings per year is 13,426 MWh;
- the average spent heat energy before renovation was 104,87 kWh/m<sup>2</sup> per year, after renovation the average is 48,43 kWh/m<sup>2</sup> which is 54% saving.

In addition to that technical documentation was developed with the financial support of municipality.



# LESSONS LEARNED

- Even though Liepaja is the leader in the whole country with implementing energy efficiency projects in multi-apartment housing, there are still neighborhoods with only 7% and 13% renovated houses. It means more work on promotion should be invested.
- Limited availability of loans for executing projects outside of Riga is still an issue.
- Construction costs have skyrocketed therefore citizens keep postponing decision making for implementing renovation projects. There are high risks of stopping projects when construction costs keep rising and companies can fight for higher costs which affect the apartment owners.
- Complicated rules for ALTUM support program are not friendly for decision makers – apartment owners.

- Low interest of construction companies for renovating multi-apartment house one by one. In addition to that apartment owners who did not vote positive upon the renovation project might complicate the project – disturbing construction process, not letting in their apartment for work etc., that makes the whole project not appealing for company and low prospects of final profit.
- Even though renovation of multi-apartment houses in Liepaja city has been active since 2006, there are still many stigmas about it. Interest of citizens keep lowering because mostly decision-making process has not been successful and they have no energy to start all over again. Many apartments are rented out short-term for tourists, are owned by foreigners or current owners live abroad and are not reachable etc. All the houses in Liepaja which were eager to renovate has already done it in the period from 2006 – 2023, but the rest has bigger obstacles.





## NEXT STEPS

- 33 more years are needed to restore the remaining houses – work more actively in promoting available funding and best examples;
- Continue to financially support technical documentation costs;
- Continue organizing informative events and educating students;
- The state should find an opportunity to provide or let borrowing, for example, EUR 100 million, by setting appropriate guarantees for the lender for executing bigger scale housing renovation projects;

- Creating a simple and understandable co-financing program by finance institution ALTUM where unlimited 30% support is available if a 30% improvement in energy efficiency for heating is achieved.

Liepaja approved its 10 years Sustainable energy and climate action plan in 2020, with which municipality plans to maintain the energy management system, as well as to continuously improve the energy performance indicators.



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This Case Study was elaborated as part of the RoundBaltic project bringing together representatives of the financial and energy efficiency sectors at regional and national roundtables to discuss and find solutions to the challenge of energy efficiency finance in the three target countries Poland, Latvia and Denmark.

Key focus areas have been to ensure an investment friendly framework along designing of financing instruments in accordance with the EU financial pillars more effective use of public funds, aggregation and project development assistance and de-risking.



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