



Czech republic - Financial and Market Framework

When considering an energy efficiency retrofit within your national housing market, a wide plethora of consideration needs to be made. Below, we list key findings to facilitate your analysis of the retrofit investment. More details and backgrounds can be found on the website www.rentalcal.eu.

The analysis of investment barriers, split incentives and policies in Czech Republic show:

- The high investment cost associated with energy saving refurbishments of buildings is probably one of the main barriers towards the implementation of energy saving measures.
- Large potential energy savings in the Czech Republic are still to be obtained through the restoration, modernisations and repairs of large panel buildings. Targeted subsidies have been available for this purpose.
- Support programmes and subsidies usually target landlords to invest in energy efficiency, while the main beneficiaries of these improvements are expected to be the tenants.
- The integration and use of building energy performance certificates to compare the quality of buildings relative to one another is still in the initial stages in the Czech Republic, which requires strengthening to ensure the future perception as an instrument of certified quality.
- Integrated energy efficiency services such as Energy Performance Contracting (EPC) have several barriers for their wider adoption:
 - Uncertainty on the return on investment of retrofits due to the unpredictable evolution of energy prices, vacancy rates and tenant insolvencies.
 - Budgetary rules prevent the use of EPC contracting methods by public entities; not allowing these entities to undertake loans.
- Non-legal barriers revolve around the complexity and stressful nature of the application process, the need for full agreement by all tenants (social housing) to these initiatives as well as insufficient budgets of housing cooperatives and municipalities.

The analysis of “green-premiums” for energy efficiency in Czech Republic show:

- There is no reliable empirical information available about “green” premiums in the Czech rental market
- It is foreseen that the availability of renovated dwellings and therefore the dynamics of the rental market will include “green” premiums in the near future. The impact is expected to be only noticeable in large cities, especially in Prague.

The analysis of grants and other subsidies in Czech Republic show:

- The vast majority of the existing grants and subsidies for private investors are available from public institutions and funds such as the State Environmental Fund and the State Housing Development Fund. Credits and other support programmes are also available to municipalities to cover the costs spent on repairs and modernisations of their dwellings’ stock.
- The New Green Savings programme of the State Environmental Fund was established in 2014 (currently valid until 2020). These subsidies take the form of non-refundable financial assistance and applies to: (A) Reducing energy performance in existing family houses, (B) Building family houses with very low energy performance, and (C) Efficient use of energy resources; provided the following conditions are met:
 - (i) improving energy performance in existing family houses,
 - (ii) building family homes with very low energy performance
 - (iii) efficient use of energy resources
- The Panel 2013+ programme of the State Housing Development Fund provides low-interest long-term credits for repairs and modernisations of multi-dwelling buildings.
- Concessional loans for the repair and modernisation of apartments and houses are also available for your home owners through the “Program 150” and “Program 600” of the State Housing Development Fund.

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The analysis of financing conditions in Czech Republic show:

- Besides commercial banks there are two key financial players in the improvement of the Czech housing market, including the rental segment: the State Housing Development Fund (SFRB) which provides subsidised loans; and the State Environmental Fund which provides grants and direct subsidies.
- Energy efficiency retrofits can be financed via several national schemes. For example, several programmes provide interest rate discounts, bank guarantee for credit payments and professional technical help and consulting in relation to energy efficiency investments.
- Financing practices differ in the various national schemes. However, a common approach is to attach interest rates of loans to the reference base rate of the European Union (0,95 % p.a. for March 2018.)
- The Czech Association of Building Saving Banks reports that 44% of the loans provided by building saving banks in 2106 were for refurbishment and modernisation, with an average loan of over 600 000 CZK (approximately EUR 24 000).
- According to the latest statistics from the Czech National Bank interest rates for new household loans with over 5 year maturity are in average 3,34 % p.a.; meanwhile interest rates for new loans with the purpose of house purchase with over 5 year maturity are in average 2,31 % p.a.

DATE: 18.04.18