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// Factory Reconstruction Grant Scheme for Apartment Buildings Estonia

Short Description

Grant scheme that facilitates the adoption of new technical solutions in the reconstruction of apartment buildings which achieves energy efficiency and a better indoor climate.

Year // duration

Launched November 2020, ongoing

Objective

The Factory Reconstruction Grant Scheme for Apartment Buildings (*Korterelamu tehaselise rekonstrueerimise toetus*) is part of a government strategy to renovate older Soviet-era apartment buildings that were built according to standard designs. The scheme applies a novel approach – the installation of prefabricated components for specific building types – with the aim to save time and resources, as well as accelerating the renovation process.

Currently, the renovation rate in Estonia is less than 1% of the building stock. In contrast, EU directive 2018/844/EU6 on the energy performance of buildings recommends an annual renovation rate of 3%. By 2050, Estonia aims to decrease greenhouse gas emissions by almost 80% percent compared to 1990 levels and to renovate its building stock to at

least energy efficiency Class C, to achieve an energy savings of approximately 65%.

The main objectives of the scheme are to:

- Facilitate the adoption of new technical solutions to support and improve the reconstruction of apartment buildings;
- Achieve energy efficiency and a better indoor climate for apartment buildings;
- Reduce energy dependency and greenhouse gas emissions.

Initial situation

The main objectives of the Estonian housing policy are to support housing supply, housing quality, housing stock sustainability, and the diversity and sustainability of residential areas. So far, government support schemes have focused, for example, on the renewal of residential heating systems, the demolition of unused buildings and the reconstruction of apartment buildings.

Implementation & measures

The average life expectancy of a building is 50-70 years, based on building lifecycle theory. Both in Estonia and in Europe, approximately 80% of buildings will still be in use after 30 years. Many apartment buildings in Estonia were constructed during the Soviet-era

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(between 1970 and 1990) and are in need of large-scale renovation to ensure the quality and sustainability of the residential environment. Making older buildings more energy efficient is a key part of the goal to improve living conditions, lower energy bills for residents, to reduce their environmental impact and support national climate goals. The Factory Reconstruction Grant Scheme for Apartment Buildings is legally established by the Regulation of the Minister of Economy and Infrastructure 'Conditions and Procedure for Granting Support for the Reconstruction of an Apartment Building by Elements' and implemented by the KredEx Foundation. The scheme offers 50% grant funding per project, up to a maximum grant of EUR 1 million. The grant scheme supports four types of "standard projects", each of which relates to a specific type of Soviet-era apartment building. The standard design of each building type lends itself well to the use of prefabricated reconstruction approaches. All four types of projects aim to introduce new technological solutions, such as laser scanning (3D measurement), Building Information Modelling (BIM) and prefabrication.

Results

The Factory Reconstruction Grant Scheme for Apartment Buildings is proving to be a success, thus far. 50 project applications were submitted in 2021, and 29 projects with the highest energy saving potential were approved for funding, with nearly all the available budget allocated. The projected energy saving potential of the projects total 6,447 kWh/(m²a), for a total project cost of just over EUR 30.54 million, and a total grant funding award of just under EUR 14.86 million.

Implementing bodies

Ministry of Economic Affairs and Communications, KredEx Foundation

Beneficiary parties

Apartment associations (homeowners and residents)

Financing // Funding

The scheme is implemented by KredEx Foundation (state-funded national development bank).

Perspectives & Lessons Learned

The Factory Reconstruction Grant Scheme for Apartment Buildings is proving to be a successful initiative that is generating interest at home and abroad. It has been well received by Estonian apartment associations and it is on course to achieve its objectives, thus far. The novel factory reconstruction method being trialled by the scheme saves time. The Factory Reconstruction Grant Scheme for Apartment Buildings provides a unique opportunity for apartment associations to contribute to innovation and transform older Soviet-era buildings.

Possible multiplication effects

The Factory Reconstruction Grant Scheme for Apartment Buildings is generating interest at home and abroad. The novel industrial approach to building renovations are being trialled to assess its business and export potential.

Problems encountered

A lack of experience applying an industrial approach to building reconstruction was one of the main challenges for the scheme.

Source: European Construction Sector Observatory - Policy fact sheet - Estonia - Factory Reconstruction Grant Scheme for Apartment Buildings