

# **GREENING SOCIAL HOUSING IN SOUTH MUNTENIA, ROMANIA**



**REGIONAL ACTION PLAN**

**June 2019**

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## Introduction

Romania has an important heritage of buildings constructed mostly in the period 1960-1990. These buildings have a low degree of thermal insulation, due to the fact that before the 1973 energy crisis, there were no regulations on buildings thermal protection and perimeter sealing elements.

For this reason, many of these buildings can no longer fulfil the basic function for which they were built. Consequently, the potential for energy savings in residential buildings is significant, approximately 40-50 %. In addition, Romania has the largest number of homes built from prefabricated blocks across all Central European countries. The latest statistical data provided by the National Institute of Statistics shows a total of 4.6 million houses located in urban areas, of which only 1.4 million apartments are connected to centralized of heat supply. Thus, despite recent investments in energy efficiency measures in residential buildings, the rate of investment in the thermal insulation of houses remains low.

South Muntenia RDA has actively participated in the Social Green interregional learning process and has prepared a Regional Action Plan to improve the South Muntenia Regional Development Plan 2014 – 2020, which is a policy instrument that reflects the economic and social development policies relevant at national level in relation to the regional needs. Also, it takes into account those policies that are relevant to the regional level, regardless of the public authority that manages them. The Regional Development Plan 2014 - 2020 reflects and takes into account the relevant regional policy directions of the institutions / authorities that can finance development investments related to the region.

The final indicator is that by December 31<sup>st</sup>, 2020, a number of 25 buildings will benefit from energy efficiency improvement measures.

## **Background**

The "Social Green - Regional Policies towards Greening the Social Housing Sector" project is funded by the Interreg Europe program, Thematic Priority 3.1 Improving Policies for a Low Carbon Economy. The Interreg Europe program seeks to improve the implementation of regional development policies and programs, mainly those pursuing investment for growth and jobs and, where appropriate, of European territorial cooperation, by promoting the experience exchange and learning new policies by the regional stakeholders.

The main objective of the "Social Green" project is to improve regional development policies on promoting green social housing, by increasing energy efficiency and using renewable energies. At the same time, the project aims to identify good practices in the green housing sector as well as those related to significant reduction of greenhouse gas emissions through cost-effective means.

In this regard, through interregional cooperation, project partners will identify, disseminate and transfer innovative methodologies as well as the processes and good practices used to design and implement environment-friendly social housing policies, both for new constructions and constructions that needs rehabilitation.

The project is implemented by a consortium consisting of eight partners from Sweden, Portugal, Estonia, Croatia, Spain and Romania, whose coordinator is Nordregio – Nordic Center for Spatial Development in Stockholm, Sweden.

The project's total value 1,188,765.00 Euro. The budget for South Muntenia Regional Development Agency is 138,248.00 Euro, of which 20,737.20 Euros represents the national contribution and 2,764.96 is SMRDA's own contribution.

The project started on 1 April 2016 and will be implemented over five years, ending on 31 March 2021.

## Policy Instruments Being Addressed

### Regional Policy Instrument

#### **This Action Plan addresses the South Muntenia Regional Development Plan 2014 – 2020 (RDP)**

The preparation of this strategic document is one of the main activities conducted by the South Muntenia RDA for the 2014-2020 programming period.

The Regional Development Plan 2014-2020 envisages the overall development of South Muntenia region, not only those policies aimed at reducing disparities. The regional development strategy defined within the RDP 2014 - 2020 pursues the priorities implementation through all potential sources of funding - not only through EU funds. The RDP 2014 - 2020 is a document that moves towards a generation of integrated development policies aimed at an integrated development of the region both through European funds and through national funding programs at central and local level. The Regional Development Plan also envisages the complementarity with the other regions and aims to increase regional synergies where there is potential.

The RDP is the instrument by which the region promotes its priorities and interests in the economic and social fields, while representing the region's contribution to the development of the National Development Strategy. Based on the National Development Strategy, the Ministry of Regional Development and Public Administration elaborates the Regional Operational Program.

South Muntenia RDA prepares and substantiates the Regional Development Plan 2014 – 2020 in a broad partnership with all actors of the quadruple helix: national / regional / local public authorities, deconcentrated institutions, academia / research, the private sector, employers / unions and NGOs. In this regard it has established in the Regional Committee for Planning (1), Regional Thematic Groups (6) and Local Partnership Groups (7). This programming document is the strategic basis for the preparation of projects funded by local, national and European funds.

The South Muntenia Regional Development Plan is the result of an extensive partnership process - almost 400 partners have been working on this programming document over the course of its elaboration - which has a large strategic relevance that is proven by the projects portfolio with financing potential attached to the document. The socio-economic analysis of RDP is based on updated and comprehensive statistical data, which highlights the disparities within the region, thus correctly identifying the development needs of the region.

According to the Interreg Europe Programme Manual, section 4.3.1, the proposed improvement of the policy instrument is envisaged by the 3<sup>rd</sup> type of change, improvement in the strategic focus of the policy instrument (structural change). SMRDA will include in the document new measures inspired by the inter-regional learning from the Social Green project to tackle the regional challenges in terms

of thermal rehabilitation of residential and public buildings as well as greening social housing. Moreover, the new measures that will be included in the RDP<sub>2014 – 2020</sub> will also have an impact on the Regional Operational Program, given the fact that the ROP is developed based on the Regional Development Plan.

While the RDP 2014 - 2020 policy instrument is very relevant for the actual status of development of the housing stock in the region, certain issues can be improved. This especially includes the synergy between ROP-funded activities and the support provided by other national and European programs.

## **Interregional Learning and Local Stakeholder Involvement**

Due to the fact that South Muntenia RDA started its involvement in the Social Green project at a later stage compared to the other partners, this Action Plan has been developed using the interregional learning process and the good practices presented during the interregional meetings that took place in Varaždin (Croatia, 26<sup>th</sup>-28<sup>th</sup> September 2017), Tartu/Tallinn (Estonia, 16<sup>th</sup>-17<sup>th</sup> January), Alba Iulia (Romania, 12<sup>th</sup>-13<sup>th</sup> June 2018) and Porto (Portugal, 26<sup>th</sup> – 27<sup>th</sup> March 2019). At the same time the Plan has been developed based on the active participation of the Local Stakeholders from South Muntenia region (5 county councils and 25 municipalities) that are involved in green retrofitting and rehabilitation of public and residential buildings.

All the interregional learning events have been very efficient in terms of knowledge exchange and inspirational through learning about good practices examples. These events included presentations of local social housing initiatives, good practices workshops and study visits organised by each partner involved to renovated social housing buildings.

The study-visits along with the discussions between project partners that were held during the transnational meetings contributed substantially to the acknowledgement of the social housing situation in each partner's country and region. Moreover, in each trans-national event representatives of South Muntenia LSG have participated alongside with SMRDA's representatives, in order to enhance their knowledge and institutional capacity and also to disseminate the knowledge within South Muntenia region. They considered the study visits as relevant examples to be adapted and implemented as much as possible into our region and they were inspired by them to suggest relevant key topics to be included in the Action Plan, while being interested in their possible roles in its implementation.

The good practices examples and the study visits carried out in Croatia, Estonia and Romania represented an opportunity for the members of the Local Stakeholder Group to learn valuable lessons about new measures to be used in retrofitting projects. They were impressed by the renovation done in social building Harambašičeva, Varaždin with 52 dwellings and an energy class D (165 kWh/m<sup>2</sup>a), with a heating system on gas and a thermal insulation of 8cm. Also, the social building Haraščica, Varaždin with 80 dwellings and an energy class C (91 kWh/m<sup>2</sup>a), heating system on gas (each

apartment has own boiler) and thermal insulation of 12cm, was an inspiration for successfully implementing building retrofitting projects.

The “Teachers’ house”- a newly built, nearly zero building in Estonia, was also a source of inspiration for LSG members regarding the measures which can be applied when implementing building retrofitting projects. It was built for teachers by the Tallinn Municipality.

The study visits in Alba Iulia, Romania were very relevant to the analysis of the heating system of the buildings (which also uses renewable energies for heating the water) and also to observe the comfort of the inhabitants

To those LSG representatives that did not participate in the trans-national events, South Muntenia RDA disseminated the news and the information received regarding the thermal rehabilitation of buildings in other partners regions together with the knowledge gained following the study visits through the course of the 5 LSG meetings organized during the project. The Social Green good practice catalogue was presented to the stakeholders during the LSG meetings, with good practices on social housing, from each partners’ country.

South Muntenia RDA published two good practices examples from across the region, on the project’s online platform.

- Improved energy efficiency to combat energy poverty in a housing complex with vulnerable tenants in Giurgiu County.
- Thermal rehabilitation of K17 block in Calarasi County.

Both of them are about increasing the quality of life for residents, support local green businesses and reduce the energy consumption and greenhouse gas emissions.

The Stakeholder Group in South Muntenia was created in the mid of 2017 and consists of the representatives of 5 County Councils and 25 municipalities in the region, which are the beneficiaries of the Priority axis 3. The representatives of municipalities that have been interested in the Social Green project and attended the stakeholder meetings, came with valuable suggestions and insights that have been included in the Action Plan.

At the same time, during this period, South Muntenia Regional Development Agency, as Intermediate Body of the ROP – the policy instrument addressed by SM RDA, has been cooperating with the Ministry of Regional Development and Public Administration – which is the Managing Authority of ROP. In this regard, SM RDA intends to present suggestions for improvement of the Policy Instrument to the Ministry of Regional Development and Public Administration.

## Local Strengths, Weaknesses, Opportunities & Threats

SMRDA carried out the SWOT analysis between June and December 2017 to see what are the strengths and opportunities.

According to this document, Romanians have a profound sense of propriety, almost 96% of them being the owners of at least one house. It is worth mentioning that that most of the housing stock was built during the period 1960-1990, when the regulations on energy efficiency were at an early stages. At this point, analysis has revealed that most homes continue to have a low degree of thermal rehabilitation.

The energy savings from the thermal insulation projects that have been implemented so far averages approximately 40%. However, the greatest challenge in Romania is to re-think the way in which buildings will be build from now on, in a way that Romanian houses will be able to produce the energy they need.

Energy efficiency in buildings in Romania represents an important chapter in the ROP. Within priority axis 3 – Supporting transition towards a low-carbon economy – investments that support energy efficiency in the residential buildings will be funded. One of the major objectives of this axis is reducing the final energy consumption in the residential buildings, from 0,96 Mtpe (millions of tons petrol equivalent), registered value in 2012, to 0,47 Mtpe in 2023. In order to reach this objective, the investment projects that would lead to improving thermal insulation; rehabilitation and modernization of the installation that is used for preparing and transportation of the heating material; repairing/substituting the heaters of the housing blocks; installing some alternative systems that produce energy from renewable sources (electric solar panels, thermal solar panels, heat pumps, heating plants based on biomass) will be supported.

Following the Social Green LSG meetings, it became clear that the main challenges that the municipalities encounter in submitting thermal rehabilitation projects are:

- In order to retrofit a block of flats you need the consent of all the citizens living in the block. If only one opposes, the rehabilitation process cannot begin;
- Low interest of home owners' associations regarding the thermal rehabilitation;
- Constant legislation change that delays the thermal rehabilitation by leading to public procurement and projection problems;
- Increased number of documents that needs to be prepared;
- The ROP does not include as eligible costs:
  - hiring a consultant;
  - cadastral works;
  - staff (including also the trainings, not just the payrolls);
  - supplies;
  - the costs for changing the initial constructive and
  - consolidation solutions.
- Public authorities as contracting authorities need to be better prepared and trained in order to implement these projects.

During the LSG meetings several municipalities have been more involved in this subject and can be considered examples of good practice. For instance, Mizil Municipality that has been a partner on the RE-GREEN project as well as the initial partner on the Social Green project. Another municipality that has been very active in contributing to the Stakeholders Group meetings is Topoloveni. Their representatives participated to all the LSG meetings and have been very active in the various stages of project development. SMRDA intends to mobilize them to continue their involvement, as their expertise in the field of energy efficiency can help improve the policy instrument and enhance the absorption rate on Priority Axis 3.1.

## Key Findings from the Self-Assessment

The self-assessment pointed out that only 1.2% of the housing stock in Romania is entirely owned by local authorities. In South Muntenia, publicly owned housing accounts for only 0.87% of the regional housing stock. The number of social dwellings built each year is low and does not cover the needs of vulnerable groups in Romania and South Muntenia Region.

The main challenges identified by SMRDA in regard to the housing stock, following the survey applied to the local stakeholders for the Analysis of the Situation of Social Housing, are:

- Lack of adequate heating (Regional – 14.96 % vs. EU avg. – 10.1 % )
- Overcrowding (Regional – 50.74 % vs. EU avg. – 16.64 % )
- Burdensome cost of housing (Regional – 42.69 % vs. EU avg. 35.05%)

As result, housing satisfaction is very low (Regional – 7.32% vs. EU avg. – 35.04 %)

Regarding the state of social housing system in the region as emerged from the self-assessment report it can be mentioned that all the social houses are owned by the local authorities. The rents are calculated according to Law 310/2007 and taking into account the annual inflation rate. The monthly rent shall not exceed 10 % of the monthly net income/family, in the last 12 months and the difference up to the nominal value is supported by the local budget. The utility costs for social housing tenants are subsidized in only 3 counties (Arges, Dambovita, Giurgiu) out of 7 (for natural gas). Also, the funding of social housing is shared responsibility between the authorities of the local public administration and the central public administration.

The target groups of social housing in South Muntenia region are following categories:

- persons and families evacuated or that are to be evacuated from the houses retroceded to the former owners;
- young people of maximum 35 years old;
- young people leaving social care institutions
- disabled and handicapped

- retired people
- veterans and widows of war
- other vulnerable categories
- low income families have priority for getting a social house.

The district heating in Romania is used to a very small scale because people disconnected due to the losses of energy in the network. In South Muntenia region only Giurgiu and Teleorman county are using it and only for social houses.

## Financial resources

All the actions and measures included in the Action Plan are policy actions meant to improve the Regional Development Plan 2014 – 2020. SMRDA will implement this Action Plan from its own budget.

## Vision

The vision of the South Muntenia Regional Development Agency, as Intermediate Body for the Regional Operational Programme 2014-2020, is to support the transition to a low-carbon economy by improving the regional policy for energy efficiency, in South Muntenia Region.

## Objectives and Actions

Objective	Action
<b>Objective 1:</b> <i>Improving the effectiveness of regional policy for energy efficiency</i>	<b>Action 1:</b> <i>Improving the content of the 2014-2020 Regional Development Plan</i>

## Actions

**Action 1: Improving the content of the 2014-2020 Regional Development Plan**

## 1. Background

Prepared under the coordination of South Muntenia RDA in close partnership with regional stakeholders, the Regional Development Plan provides a coherent framework for the future development of the region. In this regard, this programming document is the strategic basis for the preparation of projects funded by local, national and European funds.

Following the inter-regional learning process during phase one of the Social Green project, the Regional Development Plan content will be revised by introducing new actions that will support the municipalities in South Muntenia to develop thermal rehabilitation projects, especially for social housing.

During the inter-regional learning events that took place during phase one of the SOCIAL GREEN project it became clear that the need to increase the access to funding opportunities is most important in all partners countries in order to achieve greener social housing. A good practice example of such funding opportunity was presented during the Social Green transnational meeting in Estonia. The Kredex Scheme is a combined grant and loan scheme that is being administered using funds from the Estonian ROP to support green renovations in housing. The scheme is open to homeowner associations in multi-apartment blocks, in addition to local authorities provided that they own more than half of the dwellings in the building.

Unfortunately, due to the absence of such financial schemes in Romania, including the absence of long-term national programs, the ROP remains the only viable alternative for financing energy efficiency projects. Following the Social Green LSG meetings it emerged that some significant barriers to prepare successful funding applications is that the ROP 2014 - 2020 does not include the expenditure for consultancy, cadastral works, staff costs (including also the trainings, not just the payrolls), supplies, changing the initial constructive and consolidation solutions costs as eligible costs. All these costs have to be borne from the beneficiaries' own budgets, which is different from other funding schemes assessed during phase 1 of the Social Green (again, KredEx is a primary example here). As a result, many applicants are deterred from submitting proposals due to the lack of funds and internal competency for covering the application process.

Based on the challenges mentioned above, SMRDA will seek to add a new action in the RDP 2014 – 2020. Within Priority 4 (Environmental Protection and Increasing Energy Efficiency), Measure 4.4 (Efficiency of energy consumption and promotion of the use of renewable resources), a new indicative action emerged from the interregional learning process and from the challenges raised by LSG members: the development of a government grant scheme financed from national funds having as purpose to subsidize the co-financing of the beneficiaries as well as all the costs that are not eligible within the ROP. It is worth mentioning that all indicative actions included in the RDP 2014 – 2020 are as recommendations and the competent authorities on each domain will decide if they will be put in practice or not.

SMRDA will also seek to introduce in the Regional Development Plan 2014 – 2020 an action under Priority 4 (Environmental Protection and Increasing Energy Efficiency), Measure 4.4 (Efficiency of energy consumption and promotion of the use of renewable resources), about the construction of new social housing units with high energy efficiency standards. The need for this measure emerged following the key findings from the self-assessment report where the stock of social housing in Romania is very low and does not cover the current needs of vulnerable groups in the South Muntenia Region. Furthermore, like in the Romanian ROP 2014-2020, the interregional learning process showed that financing instruments do not specifically target social housing in most of the partner areas. While there are regional, national and European funds available for retrofitting the housing sector in most partner areas, only a few of them are targeted exclusively on social housing (all of them in Portugal). Romania makes no exception, the funds available in the 2014 – 2020 ROP for thermal rehabilitation projects are directed to residential buildings as a whole, and to non-residential, publicly-owned buildings.

The final outcome of the introduction of this new indicative measure about construction of *new* social housing units with high energy efficiency standards within the RDP 2014 - 2020 is intended to be the creation of a new Priority Investment in the Romanian Regional Operational Programme to exclusively target the construction of new, green social housing buildings. Given that the Regional Development Plan is the programming document on which the ROP is based, this measure will also have an impact on the next programming period.

## 2. Action details

For the update of the Regional Development Plan SMRDA will conduct the following tasks:

- office research – collection and processing statistical data and indicators to support the proposed interventions to regional and national decision makers;
- field research – activating the local partnership groups and thematic groups involved in the RDP development process;
- organizing specific activities, meetings and events - including public consultations;
- coordination of a study: Horizontal support for updating post-2020 programming strategic documents (Regional Development Plan and Smart Specialization Strategy of South Muntenia Region), which will contribute to the foundation of the Regional Development Plan.

It is worth mentioning that for the update of the 2014 – 2020 Regional Development Plan the local partnership and thematic groups will be reactivated. These working groups contain different actors at regional level, representatives of the quadruple helix (local public authorities, deconcentrated institutions, academia, the private sector, employers / unions and NGOs). The lessons learned as well as the exchange of experience acquired during the Social Green project will be presented by the SMRDA's representatives to the members of the thematic groups in order to generate together new sustainable measures to be included in the RDP for greening the social housing, based on the Social Green inter-regional learning.

### **3. Evidence of success**

The 2014 – 2020 Regional Development Plan improved in terms of content with introduction of new actions that support greening social housing in South Muntenia region, within Priority Axis 4: Environmental Protection and Increasing Energy Efficiency, Measure 4.4: Efficiency of energy consumption and promotion of the use of renewable resources.

### **4. Players involved**

- South Muntenia Regional Development Agency;
- local public authorities;
- deconcentrated institutions;
- academic environment;
- the private sector, employers, unions;
- NGO's .

### **5. Timeframe**

2019 - 2020

### **6. Costs and funding**

26.500 €, out of which:

- 25 000 € - external expertise for the preparation of the "Horizontal support for updating post-2020 programming strategic documents (Regional Development Plan and Smart Specialization Strategy of South Muntenia Region)" study
- Organisation of 1 Regional Thematic Group and 1 Local Partnership Group: 1.500 €

The whole amount will be supported by SMRDA from its own budget

## **Approval of the Action Plan**

This action plan will be implemented and monitored by South Muntenia Regional Development Agency.

**Date: 30th of June 2019**

**Liviu Gabriel MUȘAT**

**Director,**

**South Muntenia Regional Development Agency**

