



**RENOINVEST**  
sustainable renovation of buildings

## Policy Brief for Hungary



## Climate Neutral Buildings - Ambition or Real Future?

Hungary is committed to achieving climate neutrality by 2050 in line with EU climate and energy objectives. The building stock play a key role in this transition, accounting for approximately 42% of the country's final energy consumption. Around 70% of Hungary's 4.6 million homes require renovation, and a significant share of municipal buildings - such as schools, administrative facilities and healthcare institutions - also offer substantial potential for energy performance improvements.

While Hungary has established ambitious long-term renovation targets, the current deep renovation rate remains below 1%, indicating the need for a significant scale-up of renovation activities. In recent years, several public support programmes have stimulated renovation efforts, yet these have often been temporary or targeted to specific groups or regions. Strengthening long-term financing frameworks, regulatory conditions and advisory support will therefore be important to create a more predictable environment for investment and to accelerate sustainable renovation across both residential and public buildings.

### What is RENOINVEST about?

**Closing the financing gap of renovations measures by attracting private investments** is the ambition of RENOINVEST. By involving **stakeholders and external experts** from different sectors financial challenges and promising actions and solutions were **discussed in an integral way**.

## Three Most Important Policy Measures to Get in Action:

To unlock private investment and accelerate deep renovation in Hungary, the RENOINVEST Action Plan proposes targeted improvements across three mutually reinforcing Key Action Areas:

### 1. Legislative Frameworks – Creating Enabling Conditions for Renovation

Legal and administrative barriers remain a major impediment to renovation activity. Priority measures include (i) adjustments to condominium law to introduce technical assessments and long-term financial planning and (ii) enabling municipalities to use energy performance contracting models. **These changes are essential to reduce investment risk and enable socially balanced deep renovation.**

### 2. Financing Frameworks – Establishing Long-term Renovation Financing

A long-term financing framework combining public subsidies with competitive commercial loans and private investment is needed to support deep renovation. Differentiated grants linked to energy savings, longer loan maturities and guarantee facilities can reduce risks, support staged renovation and mobilise private capital. **Public funding must act as a multiplier, not the primary financing source.**

### 3. Awareness & Knowledge Transfer: Strengthening Capacity and Transparency

Improved access to information and stronger professional capacity are essential to accelerate renovation. The Action Plan proposes nationwide One-Stop-Shops, integrated building energy databases and the introduction of renovation passports and roadmaps. **These tools will improve transparency, support informed decision-making and promote circularity in renovation practices.**

## Measure 1: Amend Condominium Law to Enable Long-term Renovation Planning

Under the current condominium framework (Law No. CXXXIII of 2003), buildings are managed on the basis of annual operational budgets, while reserve funds and systematic technical assessments are not mandatory - despite the fact that banks typically expect adequate reserves and reliable technical information when financing renovation. The proposed amendment extends annual budgeting to **mandatory five-year financial plans**, explicitly based on **technical screening of the building stock, including energy consumption**, so that condominiums can prioritise measures, forecast financing needs and implement **staged renovation** in a structured way. By making investment needs and required co-financing transparent, the measure strengthens financial preparedness and improves the bankability of condominium projects, while supporting more socially balanced decision-making within multi-owner buildings. The involvement of key stakeholders is essential, including homeowners representatives, condominium managers and their associations, the chambers of engineers and other trades, One-Stop-Shops and financial institutions pre-approve.

### Next Actions needed:

- Prepare amendment to condominium law
- Develop methodology for technical screening

## Measure 2: Establish a Long-term Financing Mechanism for Deep Renovation

A stable, nationwide financing mechanism for deep renovation is currently lacking, particularly for multi-apartment buildings. Recent programmes have been temporary and limited in scope, creating uncertainty for long-term investment. The proposed measure establishes a **predictable, long-term financing framework that remains continuously available, combining public subsidies with commercial loans and private investment, enabling staged renovation** and directing public funds to households in need of social support. A Special Purpose Vehicle (SPV), like a fund should be created to fund and manage the framework. Risk-sharing mechanisms, such as a guarantee facility, longer loan maturities and simple administrative procedures would improve access to financing and mobilise private capital. **Nationwide One-Stop-Shops should provide independent technical and financial advice**, share reliable information and support homeowners and municipalities in preparing and financing renovation projects. All these create stable conditions for large-scale renovation of the residential building stock.

### Next Actions needed:

- Design long-term renovation financing framework, incl. SPV
- Review content and administrative structure of subsidy systems

## Measure 3: Support Renovation Decisions through Public Energy Databases

Reliable data is essential for planning and financing renovation projects, yet large-scale, accessible datasets on building performance and renovation outcomes are currently limited. The proposed measure aims to **establish a public building energy database building** on existing energy certificate systems and linking them with renovation passports and monitoring data. Providing **anonymised benchmark information on renovation costs and energy savings for typical building types** supports homeowners, condominium managers and financial institutions in planning and monitoring renovation projects. Improved data availability reduces perceived investment risks, strengthen confidence in renovation measures and support more informed decision-making across the renovation market.

### Next Actions needed:

- Develop integrated building energy database
- Enable anonymised data access and benchmarks

# Here to Start: Policy Pathway to Sustainable Buildings

A climate-neutral building stock in Hungary is achievable, but it requires a stable, long-term policy framework that remains predictable across political cycles, matching the approximately 25-year strategic planning horizon needed for building stock transformation. The measures proposed in the RENOINVEST Action Plan provide a structured pathway to create predictable conditions for renovation investments, particularly in multi-apartment buildings and municipal properties, where financial and organisational barriers remain significant. Strengthening coordination across institutions and deploying public funding strategically can help leverage private capital and accelerate large-scale renovation.

## 2026 -2027 PHASE 1: ENABLING FRAMEWORKS



Condominium law amendment; enabling ESCO market for municipalities; nationwide One-Stop-Shops; building energy databases & renovation passports; stakeholder coordination & capacity building.

## 2026 -2030 PHASE 2: SCALING PRIVATE INVESTMENT



National blended financing scheme (grants + loans + private capital); differentiated grants linked to energy savings; guarantee facility; longer loan maturities; simple administration; staged renovation financing, rollout of Energy Performance Contracting models.

## 2026 -2040 PHASE 3: DEEP RENOVATION AND DECARBONISATION



Achieving a stable renovation rate of around 3% annually, including the phase-out of fossil heating systems, and aggregated renovation models, increased private capital mobilisation; strengthened advisory services; data transparency & professional training.

## 2040 -2050 PHASE 4: CLIMATE-NEUTRAL BUILDING STOCK



Consolidation of a fully climate-neutral building stock, continuous renovation pipeline; stable financing instruments; data-driven monitoring; public-private cooperation; alignment with EU climate neutrality targets.

Policymakers are now called upon to develop and formally adopt a time-bound implementation roadmap based on the RENOINVEST Action Plan, **prioritise comprehensive renovation over isolated measures** and institutionalise cross-level coordination mechanisms. **Investing in deep, integrated renovation today is more cost-effective than allocating billions to carbon certificate purchases and compensatory payments tomorrow.** By aligning regulation, finance and stakeholder coordination, Hungary can turn its climate-neutral ambition into a realistic and economically sound pathway toward sustainable buildings.

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