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RENOINVEST
sustainable renovation of buildings

Action Plan

Measures and Actions to Facilitate Investments in Renovations in Hungary

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1 RENOINVEST PROJECT

The RENOINVEST project is co-funded by the European Union under the LIFE programme. The project intends to reflect cross-border challenges and opportunities for sustainable building renovation in the private and public sectors. The main aim of the project is to develop action plans on smart investments in sustainable renovation of buildings for 2025-2030 for Austria, Hungary and Slovenia by establishing three national roundtables building on the activities of the Sustainable Energy Investment Forums.

RENOINVEST provides a platform for open dialogue involving key financial, private and public experts through the green finance thematic working group activities to identify barriers to the upscaling of long-term financing instruments and propose improvements to support the development of large-scale investment programmes in existing private and public buildings. Three national policy briefs and a cross-border recommendation package will also be delivered.

Assessing the implementation of the Long-term building renovation strategies and documents and reviewing existing financial solutions and market conditions for stimulating financing of energy efficiency improvement of the existing building stock is an important starting point of the project.

Sharing knowledge among project partners, experts, national stakeholders and similar EU projects three international cross-border exchange events with site-visits will be organized to showcase collected 50+ good practices and elaborate six case studies to foster the roll out of smart financing possibilities.

The added value of RENOINVEST is that the consortium is providing specific technical knowledge by engaging key actors representing legislative advisory organizations, research institutes, large engineering manufacturers, SMEs and financial experts in three CE countries fostering sustainable investments.

2 PROJECT CONSORTIUM

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3 EXECUTIVE SUMMARY

This Action Plan has been developed within the framework of the **RENOINVEST project** with the objective of supporting the **acceleration of sustainable building renovation in Hungary**, with a particular emphasis on **improving financing conditions and mobilising private investment**. It responds to the increasing gap between Hungary's long-term climate and energy targets and the current rate of renovation in the residential and public building sectors. Although technical solutions for energy-efficient renovation are widely available, their large-scale deployment remains limited due to structural, financial and institutional barriers.

The primary **aim of the action plan is to identify concrete and feasible measures** that can facilitate investment in building renovation over the period 2025-2030, while also contributing to Hungary's longer-term climate neutrality objectives for 2040 and 2050. The document adopts a financing-driven approach, recognising that large-scale renovation cannot be achieved through public grants alone. Instead, **public support must be used strategically to leverage private capital**, household savings and commercial financing, thereby creating a stable and predictable investment environment.

This Action Plan is not a governmental strategy or regulatory document. It represents the **outcome of an extensive consultative process involving a broad range of stakeholders**, including public authorities, municipalities, financial institutions, homeowner and condominium representatives, professional organisations, market actors, researchers and civil society actors. The measures presented are therefore proposals and recommendations, reflecting a shared understanding of existing barriers and practical opportunities, rather than binding policy commitments.

Methodologically, the **Hungarian Action Plan** was developed in line with the approach applied in the other two RENOINVEST partner countries, Austria and Slovenia, and is based on **three main pillars**. **First**, it builds on the analytical work carried out within the RENOINVEST project, including the assessment of national policy frameworks, market conditions and existing financing instruments, as well as the analysis of more than fifty best practice renovation examples and six in-depth case studies across the three countries. **Second**, it draws on the results of six national roundtables and thematic working groups organised in Hungary over a two-year period, ensuring continuous input from key stakeholders. **Third**, the recommendations are aligned with Hungary's national climate, energy efficiency and renovation strategies, while explicitly addressing the main challenges related to their implementation.

The Action Plan is grounded in the assessment that Hungary currently lacks a **long-term, stable and sustainable financing framework** capable of supporting deep renovation at scale, particularly in the case of **multi-apartment residential buildings and municipal properties**. Existing renovation programmes have been predominantly short-term, grant-based and fragmented, providing limited predictability for homeowners, municipalities and financial institutions. As a result, private capital remains underutilised, investment risks are perceived as high and market confidence remains weak.

The document proposes a total of **fifteen concrete measures**, designed to establish sustainable financing as the core enabling mechanism for large-scale renovation, while being strongly supported and enabled

by legislative and awareness-raising actions. The measures are structured under three interdependent priority areas that must be implemented in parallel.

The **Legislative Area provides the necessary framework conditions** for the effective operation of sustainable renovation financing. The proposed measures focus in particular on adjustments to condominium-related legislation to enable long-term financial planning, reserve accumulation and decision-making that supports staged and deep renovation pathways. In addition, legislative action aims to remove key regulatory barriers by enabling municipalities to participate in Energy Performance Contracting (EPC)-type arrangements, establishing a nationwide network of One-Stop-Shops to support renovation processes, and integrating circular economy principles and nature-based solutions into renovation-related regulations. Together, these measures are intended to increase legal certainty, improve project creditworthiness and create predictable conditions for the deployment of long-term, market-based financing instruments. Proposed measures include:

- ✓ Enable municipalities to participate in EPC-type mechanisms
- ✓ Adjust the law on condominiums (Law No. CXXXIII. of 2003.) with respect to introducing long-term financial planning in order to create the budgetary preconditions to staged renovations and to introduce compulsory screening of their technical conditions including energy consumption
- ✓ Enable condominiums to decrease/reclaim VAT
- ✓ Establish nationwide or regional One-Stop-Shops
- ✓ Make property renovation more attractive to investors
- ✓ Integrate circular economy and nature-based solutions into building renovation regulations

Measures in the **Financing Area form the backbone of the Action Plan**. They focus on creating **predictable, long-term and bankable financing solutions**, including blended schemes that combine public subsidies with private capital, extended loan maturities aligned with energy savings, financing models for staged and serial renovation and the systematic use of energy savings obligations (HEM) to reduce effective investment costs. These measures are designed to improve affordability, reduce risk for financial institutions and enable continuous renovation activity beyond isolated funding cycles. Proposed measures of the action plan:

- ✓ Launching a long-term financing mechanism combining subsidies and private finance for deep renovation, open for every homeowner, focused on energy savings
- ✓ Framework for financing staged or serial renovations
- ✓ Extend the duration of the interest rate subsidy of the existing condominium financing scheme from 10 to 15 years
- ✓ Use of energy savings obligations (HEM) in the financing of deep renovations

Measures related to **Awareness & Knowledge Transfer address the non-financial barriers** that often prevent financing solutions from being used in practice. They focus on professionalising condominium management, improving access to reliable and transparent data, introducing renovation roadmaps and passports, promoting real-time energy consumption monitoring and implementing targeted public awareness campaigns. These measures ensure that homeowners, municipalities and professionals are able to understand, plan and implement renovation projects that are compatible with available financing instruments. Proposed measures:

- ✓ Education of condominium management as a profession and building renovation in architecture
- ✓ Facilitate/support renovations by public databases
- ✓ Introduce renovation roadmaps and passports
- ✓ Promotion of real-time energy consumption monitoring and visualisation platforms
- ✓ Targeted Public Awareness Raising

The implementation of the Action Plan depends on the **active cooperation and coordinated engagement of multiple stakeholder groups**, as each proposed measure requires contributions from different actors across the public, financial and professional domains. Endorsement by key national stakeholders - including public authorities, municipalities, financial institutions, homeowner and condominium organisations and professional bodies - is therefore essential. Such endorsement is intended to strengthen coordination, foster shared ownership and facilitate the translation of the proposed measures into concrete actions. In this context, the document may also serve as a **reference framework for the future work of the Hungarian Energy Efficiency Financing Coalition HUB**, supporting the alignment of public and private initiatives and contributing to the development of a coherent, long-term renovation financing ecosystem in Hungary.

4 INTRODUCTION

4.1 Purpose and Scope

The renovation of the existing building stock is a key enabler for achieving climate neutrality and meeting the European Union's long-term climate and energy objectives. Despite the availability of technically proven solutions for deep renovation and building decarbonisation, **renovation rates remain well below what is required, particularly in the multi-apartment residential and municipal building** segments, which continue to require substantial additional action.

A central barrier is the **limited attractiveness, continuity and predictability of financing conditions**, which constrains investment by homeowners, municipalities and financial institutions. This Action Plan addresses this gap by focusing on the enabling conditions for sustainable renovation financing, rather than on technical solutions. It builds on more than two years of project work and stakeholder engagement, supported by insights from Hungarian pilot cases and a wide range of national and international best practice examples.

The Action Plan represents a **bottom-up, stakeholder-driven initiative**. It is not a governmental strategy or regulatory document, but a pathway-oriented framework designed to support policy development and implementation. Its objective is not to create new financial products, but to identify the measures, regulatory adjustments and forms of cooperation required to mobilise private investment into renovation.

While primarily addressing the period 2025-2030, the Action Plan also considers Hungary's longer-term climate objectives for 2040 and 2050, providing a practical contribution to scaling up renovation in line with national and European goals.

Within the RENOINVEST project, Austria, Hungary and Slovenia represent different levels of maturity in renovation financing. While Austria operates more established schemes that combine subsidies with debt-based instruments, Hungary still lacks a nationwide, long-term funding framework for deep residential renovation that is accessible to all homeowners. For this reason, the Action Plan adopts a shared interpretation of innovative financing. **Innovative financing** includes more effective ways to finance sustainable measures in the building sector. This encompasses new financing methods that go beyond traditional tools, as well as more effective combinations of existing instruments.

Recent Hungarian programmes have been temporary and targeted, focusing mainly on single-family houses, while multi-apartment residential buildings and municipal properties remain under-supported. Public building renovations continue to rely predominantly on grants, with limited mobilisation of private capital. In this context, the Hungarian Action Plan aims to align existing and underutilised financing instruments within a coherent, long-term framework, with particular emphasis on multi-apartment residential buildings and municipal buildings, where integrated financial and regulatory measures can most effectively unlock large-scale renovation activity and private investment.

4.2 Development of the Action Plan

4.2.1 Methodology of Action Plan Development

The Hungarian Action Plan was developed through an in-depth and structured process jointly implemented by ÉMI Non-profit Ltd. for Quality Control and Innovation in Building (ÉMI) and SolarTech-Investment Design Development Consulting Ltd. (Archenerg Cluster). ÉMI coordinated the methodological framework, data collection and organisation of Thematic working groups and national roundtables, while Archenerg led stakeholder engagement and analytical evaluation. Combining ÉMI's technical expertise with Archenerg's financial knowledge ensured the active involvement of experts from the financial, construction and policy sectors. Two years of consultations and iterative reviews resulted in a coherent and well-founded framework for action. The findings of the Action Plan are based on three key sources of information:

1. Results from the RENOINVEST project

The first source builds on the existing results of the RENOINVEST project's deliverables. A key document, Policy Context and Market Capacities for Sustainable Building Renovations - available on the RENOINVEST website - provided valuable insights into current policies, market conditions in the construction and renovation sectors and the prevailing financial framework. The Hungarian RENOINVEST team also collected information on former and existing financing solutions and developed detailed SWOT analyses for both the residential (condominiums and apartment houses) and public (municipal buildings) sectors. Best practice examples for renovation financing identified across both segments are presented in the Best Practice Handbook of Sustainable Building Renovations. Together, these materials constitute the analytical foundation of the Hungarian Action Plan.

2. Stakeholder consultations

The second pillar of the methodology is based on systematic stakeholder input. As part of this process, approximately thirty thematic working group meetings and six national roundtables were organised in Hungary. In addition, three international roundtables were held to facilitate cross-country exchange: one in Slovenia focusing on One-Stop-Shops, one in Hungary addressing financing solutions and the national implementation of the Energy Performance of Buildings Directive (EPBD), and one in Austria involving representatives of the Energy Efficiency Financing Coalition. Targeted discussions were also conducted with representatives of banks, public administration and other experts. At the beginning of the project, four thematic working groups (TWGs) were established to analyse specific topics (see section 3.2.2) and provide an overview of the current situation. After the first year, the scope of work expanded and the results of the TWGs were integrated into a broader analysis aimed at identifying measures to improve the financing of building renovations. The outcomes of this phase are reflected in the recommended measures presented in the Action Plan.

3. The country specific strategies

The third source is the currently available national strategy framework. The Action Plan takes into account the goals set out in Hungary's national climate- and energy-efficiency strategies, with the aim of establishing a sustainable mechanism that supports the achievement of those targets.

4.2.2 Results of National Round Tables and Technical Working Groups

As already explained in section 4.2.1, the TWGs were purposefully composed of experts on the respective topic in the first half of project period and opened up in the second half of the project to focus more strongly on financing aspects of the topics. As a result of the work of the TWGs it can be concluded that legislative changes are very important for most of the topics discussed by the TWGs, therefore the necessary changes in the relevant regulations are a main part of the Action Plan measures in chapter 6. The other main conclusion was that a predictable economic and financial environment, especially with regard to financing solutions that are available in the long-term are the most important precondition to boost the large-scale deep renovation of buildings.

Topic 1: Staged and Serial Renovation

Building-material prices and engagement costs have significantly increased in recent years, resulting in longer return on investment (ROI) periods for deep renovations. For many apartment-house residents, the elevated cost of such comprehensive works is beyond reach - making **staged renovation** an increasingly practical and necessary alternative.

Staged (or step-wise) renovation divides the overall building upgrade into several planned phases, implemented sequentially over time. This allows energy-performance improvements to begin after initial measures, while spreading financial burden and lowering implementation risks through careful planning and technical guidance. It also offers promising opportunities for the construction and renovation sector: they help provide a stable demand for building materials and renovation services, dampen the cost-escalation effects of short-term campaigns and balance seasonality in the construction market. Serial renovations - where similar buildings undergo planned upgrades using standardised solution - can further reduce costs via bulk procurement and economies of scale.

The EU favours this approach: under the Renovation Wave strategy the Commission states that "deep renovation is not always achievable in one go. It is therefore important to create better conditions for staged renovation".[1]

To kick-off better exploitation of the potential related to the staged renovation of buildings, stakeholders have identified priority action areas as follows:

- **Legal framework:** Adjustments are needed in the *Law on Condominiums (Law No. CXXXIII of 2003)* to introduce compulsory long-term financial planning and technical condition assessments (including energy use). Such changes would enable condominiums to plan renovations systematically and improve their creditworthiness. In parallel, the Value Added Tax (VAT) rate

[1] A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives. COM(2020) 662 final

applied to renovation services (currently 27 %) should be reduced or made reclaimable. A 5 % VAT rate for energy-related renovation works would significantly reduce overall project costs and encourage deep renovation. These changes would require legal clarification of condominium status, as they are currently not recognised as legal entities.

- **Market development and promotion:** Homeowners and condominium managers need technical assistance, clear and transparent information, and access to reliable data for planning. These services should be provided through a nationwide network of **One-Stop-Shops (OSS)** offering advice on technical solutions, financing schemes and legal requirements. The establishment and stable operation of OSS offices were repeatedly emphasised as essential for enabling stepwise renovation planning. Transparent, publicly available databases on building typologies, costs and energy performance should complement this effort.
- **Financing models:** The development of long-term, combined financing instruments is critical. Financing schemes should mix private resources, commercial loans and state or EU subsidies to ensure predictability and accessibility. The **revitalisation of the home-savings scheme** and its integration into new renovation finance models was strongly recommended. Participants also proposed the creation of a **dedicated Renovation Fund** - drawing from EU and national resources - to provide revolving credit lines or guarantee products tailored to condominiums and multi-apartment houses. Financing models should reward proven energy savings, for instance by linking higher subsidy levels to certified efficiency improvements.
- **Municipal involvement:** Municipalities, as building owners and key local actors, should be empowered to participate in renovation programmes and energy-efficiency investments. Allowing them to co-finance projects or allocate dedicated renovation budgets could significantly boost implementation capacity and demonstrate leadership at local level.
- **Capacity building:** Staged renovation requires stronger technical, financial and organisational competencies. Training programmes for condominium managers, energy auditors and construction professionals are needed to ensure consistent quality and reliable verification of energy savings.

Topic 2: Circular economy & nature-based solutions

Circular economy and nature-based approaches are gaining attention in Hungary, yet their application in the construction and renovation sector remains limited. Although sustainability and material-efficiency principles are included in national policy discussions, there is still no overarching circular economy strategy specifically targeting buildings. Waste management regulations continue to focus mainly on collection and disposal, and the use of recycled materials or nature-based elements is not yet embedded in everyday practice.

To strengthen the integration of circular economy and nature-based solutions in the building sector, stakeholders have identified key findings and discussion results as follows:

- **Regulatory environment:** Current legislation and building codes provide limited guidance on material reuse, recyclability, or environmental performance. Participants underlined the lack of binding standards and certification schemes for secondary raw materials. The 2023 Architecture

Act introduced sustainability aspects but has not yet translated them into operational regulations or incentive mechanisms.

- **Data and information gaps:** There is no comprehensive national database recording the availability, quality, or potential reuse of construction and demolition waste. Participants noted that reliable data on the life cycle of materials, embodied energy, and environmental impact are largely missing. Without these datasets, it is difficult to assess the benefits of circular design or compare it with conventional construction.
- **Market conditions:** Circular and nature-based solutions are often perceived as costlier than traditional methods. The market for recycled or reused materials is underdeveloped, and the supply of certified products is limited. This contributes to higher perceived risks among designers, contractors, and investors.
- **Professional capacity and awareness:** Knowledge about circular design principles is increasing, but mostly within academic and research circles. Practical implementation in architectural and engineering practice remains rare. Participants emphasised that professional education and on-site training are key to bridging this gap and translating awareness into action.
- **Financial and investor perspectives:** The financial sector currently lacks clear evaluation frameworks for circular investments. Banks and investors consider such projects uncertain due to the absence of benchmarks for economic performance, making financing less accessible.

Topic 3: Energy Communities, district heating and renewables

Energy communities, renewable energy integration, and the modernisation of district heating systems have become increasingly important components of Hungary's energy transition. Although many municipalities are interested in establishing **energy communities**, only around **15 initiatives** are currently in operation. Their creation and long-term operation remain complex, requiring changes and harmonisation across several laws and regulations. At present, most Hungarian energy communities focus primarily on **electricity production from decentralised photovoltaic (PV) systems**, enabling local energy generation and shared consumption.
From **September 2025**, a favourable regulatory change came into effect, allowing **condominium-based energy communities to obtain licences directly through distribution system operators (DSOs)**. Stakeholders welcomed this as an important milestone but emphasised that additional harmonisation of regulations and clearer administrative procedures will be needed to scale up the model.

To provide an overview of the current state and challenges of energy communities, district heating systems and renewable energy **integration, stakeholders have identified key findings and discussion results as follows:**

- **Regulatory framework:** The legislative and regulatory framework governing community energy and district heating is fragmented, involving several ministries, agencies and market actors. Participants pointed out that the **lack of coherent regulations**, overlapping responsibilities, and complex permitting procedures significantly hinder the establishment and management of new energy communities or renewable projects.
- **Municipal participation and capacity:** Municipalities are among the most motivated actors in promoting community energy and district heating renewal. However, **administrative burdens,**

limited technical expertise and borrowing restrictions under the Act on Economic Stability restrict their ability to invest in long-term energy projects or join ESCO/EPC-type partnerships.

- **District heating transformation:** District heating companies, which are typically owned by municipalities, have a central role in Hungary's heating sector. A **national tender programme** launched in 2024 opened the way for **geothermal exploration and integration of renewables** into district heating and cooling (DHC) networks. These developments are viewed as a major step toward diversification of heat sources and decarbonisation of municipal energy supply.
- **Renewable energy integration:** Stakeholders highlighted the **high potential of geothermal energy**, which can provide stable, low-cost heating and hot water for decades once operational. Nonetheless, the **upfront costs of exploration, pilot drilling and feasibility studies** remain prohibitively high, and the **licensing process is long and technically demanding**. Beyond geothermal, **biomass and waste-incineration technologies** have become increasingly significant renewable or partly renewable components of Hungary's heating mix, particularly in larger cities. In some cases, **solar thermal systems** and **heat pumps** are also being tested for district or community-level integration.
- **Financial and organisational challenges:** Financing continues to be one of the main obstacles to expanding both renewable-based district heating and energy communities. The combination of long payback periods, high investment risk, and the limited creditworthiness of municipalities constrains access to commercial loans. Participants underlined the need for **predictable long-term financing frameworks** and **stronger institutional support structures** to help local governments, utilities and investors prepare and implement renewable energy projects.

Topic 4: Data management and visualization

Effective data management and transparent visualisation of energy use were identified as critical enablers for successful renovation financing and monitoring. Reliable data are essential for assessing the real impact of renovation measures, yet Hungary's current system of data collection and sharing is highly fragmented. Participants of the thematic working group emphasised that existing datasets are incomplete, inconsistent and often inaccessible due to legal and technical barriers.

To improve understanding of the current situation, stakeholders have identified key findings and discussion results as follows:

- **Data accessibility**: Energy consumption data are largely unavailable for external use. GDPR-related restrictions and institutional fragmentation prevent building owners, municipalities and financiers from accessing detailed consumption figures necessary for planning and verification.
- **Accuracy of energy certificates:** The new Energy Performance Certificate (EPC) system, in use since 2023, aligns with the EPBD and includes renovation recommendations. However, stakeholders noted that the information provided is **not detailed enough to support staged renovation planning**, limiting its practical value for homeowners and investors. Better integration with national renovation tools and databases is needed to enhance its usefulness
- **Institutional fragmentation**: Responsibilities for energy data management are split among multiple organisations - including the Ministry of Energy, the Ministry of Construction and Transport, Hungarian Energy and Public Utility Regulatory Authority (MEKH) and Hungarian

Electricity Works Group (MVM Group) - with no unified data standard or interoperable system. This leads to overlapping processes and prevents consistent national analysis.

- **Financial sector perspective:** Banks and investors emphasised that the lack of verified, standardised data makes it difficult to assess energy savings and meet EU taxonomy or Environmental, Social and Governance (ESG) reporting requirements. Transparent, comparable data are essential for scaling up green financing products.
- **Monitoring and awareness:** While smart metering initiatives by MVM are ongoing, coverage remains partial and data integration into public systems is still limited. Participants agreed that digital tools visualising real-time consumption could enhance public awareness and provide valuable feedback to homeowners and decision-makers alike.

5 INITIAL SITUATION

5.1 Important Targets and Associated Policy Content

This chapter provides an overview of Hungary's key national targets and objectives for the building sector, structured along the 2030, 2040 and 2050 timelines. It draws on the findings of the RENOINVEST study "Policy context and market capacities for sustainable building renovations" (Deliverable D2.1), complemented by the most recent national policy developments. Beyond climate and energy efficiency targets, the section also covers objectives related to the diversification of energy sources, the promotion of circular economy principles and the application of nature-based solutions. The emphasis lies not on completeness, but on identifying the most relevant policy frameworks, current gaps and implementation challenges, as well as highlighting the key potentials for accelerating sustainable renovation in Hungary's public and private building sectors.

5.1.1 General Level

Hungary's climate and energy objectives are primarily defined by the *National Energy and Climate Plan (NECP, updated 2024)* and the *Long-Term Renovation Strategy (LTRS 2050)*. These strategies, in line with the European Union's *Energy Efficiency Directive (EED)* and *Energy Performance of Buildings Directive (EPBD, 2024/1275)*, set the overall framework for achieving climate neutrality by 2050 and a 50% reduction in greenhouse gas emissions by 2030 compared to 1990 levels.

The NECP defines a cap of **740 PJ final energy consumption by 2030** (down from 787 PJ in 2021), of which the building sector accounts for approximately 42% (around 330 PJ). The goal is to reduce this figure by at least **16% (42 PJ) by 2030** and **20–22% by 2035** through energy efficiency improvements and fuel switching. The *EED* requires Hungary to deliver **1.9% annual energy savings in the public sector** and to **renovate 3% of the total floor area of public buildings each year** to near-zero or zero-emission standards. By 2050, Hungary aims to achieve **climate neutrality** through extensive building renovation, fuel diversification and integration of renewable energy sources. The *LTRS 2050* foresees that **74% of detached family houses** and **91% of apartment buildings** will undergo energy renovation by 2050, resulting in **45% lower energy consumption** and **75% reduction of CO_2 emissions** compared to 2005.

Despite this ambition, the pace of implementation remains slow. Key challenges include limited long-term funding mechanisms, high interest rates and the absence of a stable legal and institutional environment for deep renovation. Administrative fragmentation between ministries and local authorities further constrains progress. Establishing an integrated, predictable renovation framework is therefore a key precondition for meeting 2030 and 2050 targets.

5.1.2 Private Level

The residential sector represents roughly one-third of Hungary's total final energy consumption, of which 74% is used for heating. Around **70% of Hungary's 4.6 million homes require renovation**, particularly those built before 2007. Within this stock, **multi-apartment houses (condominiums)** constitute a

significant share of the energy-saving potential but face specific financial and organisational barriers, such as limited access to affordable credit, weak management capacity and collective decision-making challenges.

Targets for the Residential Sector:

- Increase the **annual renovation rate** from below 1% to **3% by 2030**, prioritising deep and staged renovations.
- Achieve a **30% reduction in energy consumption** of residential buildings by 2030 (equivalent to 42 PJ).
- Gradually **phase out fossil-based heating systems** by 2035 and replace them with renewable or hybrid solutions.
- Integrate **circular economy principles** and **nature-based solutions (NbS)** into building regulations and renovation standards by 2026.

Existing and Recent National Programmes:

- **Home Renovation Program (2024–2026)**: Combines a 0% interest loan and non-refundable grant up to 3 million HUF each (total 6 million HUF) for energy-modernisation of family houses. Eligible measures include insulation, window replacement and heating system upgrades with a minimum of 30% energy savings required.
- **Rural Home Renovation Program (2025–2026)**: Targets smaller settlements with less than 5,000 inhabitants. Provides up to 50% coverage of renovation costs (max. 3 million HUF) and offers a subsidised loan of up to 6 million HUF at 3% interest.
- **Green Energy Recovery and Resilience Facility Programme (2024–2026)**: Provides grants and zero-interest loans for households to install photovoltaic systems and heat pumps, particularly in rural areas.
- **Energy Efficiency Obligation System (EKR/HEM)**: Requires energy suppliers to achieve verified energy savings, partly through residential renovations. The scheme, extended until 2035, aims for 28.5 PJ cumulative savings from 2021 to 2030 and encourages the financing of household retrofits via tradable energy savings certificates.
- **Home Savings Scheme (re-launch planned)**: Encourages long-term household savings for renovation through matched state contributions.

Main Barriers and Needs

The large-scale renovation of residential buildings, especially multi-apartment condominiums, is hindered by a combination of financial, institutional and technical barriers. Most condominiums lack reserve funds and cannot secure financing without prior savings or collateral. After the termination of the state-supported home savings scheme in 2018, access to long-term, affordable loans has diminished significantly. At the same time, homeowners face the challenge of high renovation costs aggravated by a 27% VAT rate, which they cannot reclaim.

Data gaps further complicate planning and financing: there are no comprehensive, accessible databases on energy consumption, building typologies, or renovation costs. Condominium managers and

homeowners often lack technical, legal and financial expertise to prepare and manage complex projects, resulting in suboptimal or delayed decisions.

The fragmented ownership structure of condominiums and the requirement for full consensus make decision-making slow and conflict-prone. To overcome these challenges, stable and predictable multi-source financing frameworks - combining grants, soft loans, savings and tax incentives - are needed, alongside reintroducing savings-based financial products. One-Stop-Shops should provide tailored technical, financial and legal assistance to homeowners and condominiums, while professionalising condominium management remains essential for scaling up deep renovations.

5.1.3 Public Level

The Hungarian public building stock includes approximately **12,500 institutions** managing **26,000 buildings**, with an estimated **annual energy consumption of 34–35 PJ -** around 11% of total building - related energy use. These buildings include schools, hospitals, administrative facilities and municipal offices.

Targets for the Public Sector:

- Renovate **3% of the total floor area of public buildings annually** to near-zero or zero-emission levels.
- Achieve **1.9% annual energy savings** in the public building stock between 2024 and 2030.
- Reduce total public building energy use by **10% (3.4 PJ)** by 2030 compared to 2021.
- Replace at least **35% of fossil-based heating (≈18 PJ)** in non-residential and public buildings with renewable sources such as heat pumps and geothermal systems.

Existing and Planned Programmes:

- **KEHOP Plus (Environment and Energy Efficiency Operational Programme)**: HUF 103 billion allocation for the energy renovation of public buildings between 2024 and 2030.
- **TOP Plus (Territorial and Settlement Development Operational Programme)**: HUF 31 billion dedicated to local authority renovation projects, focusing on smaller municipalities.
- **Energy Efficiency Obligation System (EKR)**: Enables municipalities to account for energy savings and reinvest them into renovation projects.
- **Green Preferential Capital Programme of the Central Bank**: Facilitates green real-estate investment by public or mixed ownership entities.
- **ESCO/EPC Pilot Projects**: Introduced for municipal buildings, yet their uptake remains limited due to the *Act on Economic Stability (2011)*, which restricts municipal long-term borrowing and debt financing.
- **Geothermal District Heating Tenders (2024–2025)**: Support public utilities and municipalities in integrating renewable heat sources into local heating systems.

Main Barriers and Needs

For municipal buildings, renovation efforts are constrained by strict borrowing limits under the *Act on Economic Stability (2011)* and the lack of own financial resources. Local governments rely heavily on grant-based programmes (e.g. KEHOP, TOP), which are not sufficient to cover the full renovation potential.

Alternative financing models—such as EPC/ESCO schemes or energy communities—are rarely used due to missing legal definitions, standard contracts and administrative capacity.

Annual budgeting practices prevent long-term investment planning, while technical data on building performance and energy consumption remain fragmented or outdated. Many municipalities lack skilled staff to prepare, procure and manage complex renovation projects. To address these gaps, a targeted exemption in the Stability Act for municipal energy efficiency investments would be essential, together with the legal authorisation for municipalities to engage in EPC/ESCO contracts.

In addition, creating a central technical advisory body or One-Stop-Shop for municipalities would help standardise project preparation, ensure quality control and support access to EU and national funding. A comprehensive, open database on municipal building energy performance could also strengthen planning, monitoring and investment prioritisation.

5.2 Practical Guidelines

Within the framework of the RENOINVEST project, the project partners jointly developed two dedicated documents: one collecting and analysing **fifty best practice renovation examples**[2] across the three participating countries and another assessing **six selected case examples**[3] covering different building typologies and financing approaches. The Hungarian partners actively contributed to this joint work, both through the provision of national case studies and through their involvement in the comparative evaluation process.

Based on these exercises, the Hungarian project team drew several **key conclusions and practical findings**, which proved highly relevant for understanding the real-world constraints and opportunities of financing deep renovation. These findings directly informed and supported the development of the proposed measures of the Hungarian Action Plan.

A central conclusion emerging from the best practice analysis is that **existing public and private resources must be used more efficiently and in a coordinated manner.** The Hungarian example of the deep renovation of the multi-apartment building at *Hamvas Béla Street 2-10. in Szentendre* clearly illustrates this point. The renovation of the 80-apartment building was financed through a **blended model**, combining the condominium's own resources (accumulated through monthly common charges and reserve funds), commercial financing and targeted municipal subsidies. This case demonstrates that deep renovation cannot be financed by homeowners and loans alone, but also that subsidies on their own are insufficient. Instead, **public support must be used strategically to leverage private investment and reduce overall financing risk**.

Another recent good example is the "*Green Panel Program*" launched by the City of Budapest and the participating district municipalities[4] in January, 2026. It targets condominiums or housing cooperatives whose buildings are built with industrialized technology (concrete panels). The program aims at reaching

[2] Deliverable 2.3: Best Practice Handbook on Sustainable Building Renovations
[3] Deliverable 5.1: Documentation of Pilot Cases
[4] BKM Budapesti Közművek Nonprofit Zrt (Public Utilities of Budapest): Green Panel Program

the highest possible primary energy savings, at least 30 %, by deep renovation measures like insulation, change of doors/windows and modernisation of heating. It also aims to develop technical, financial and organisational solutions that can serve as models for a long-term, large-scale renovation program. The projects within the program will be financed by a blended model combining the condominium´s own resources (reserve funds, minimum 10 % of the project´s costs), maximum 30 % comes from targeted subsidies given jointly by the City of Budapest and the district municipality where the condominium is located and the rest of the funding comes from commercial banking loans. As a further assistance to the selected condominiums, a full technical and financial feasibility study will be prepared for them by an expert team of the Municipality of Budapest in the project preparation phase.

Two pilot cases were selected and analysed within the RENOINVEST project in Hungary to test the applicability of financing-driven renovation approaches in different building segments: one public building and one multi-apartment residential building. The public pilot case is the *Hírös Agóra Cultural and Youth Centre in Kecskemét,* a municipally owned community building, while the residential pilot case is the *Rákóczi út 11. condominium in Budapest*. In both cases, the buildings were assessed from a technical, energy and organisational perspective, and renovation concepts were reviewed or further developed in close cooperation with the owners and managers. Based on these concepts, tailored financing models were proposed, combining own resources, potential public support instruments and private financing options, with the objective of demonstrating how bankable, long-term renovation projects can be structured in practice.

The pilot cases confirm several practical guidelines that are consistent with the best practice examples. First, early technical assessment and a **clearly defined renovation concept are essential prerequisites for identifying viable financing structures**. Second, **blended financing models** - combining own funds with subsidies, preferential loans or performance-based mechanisms such as ESCO market arrangements - **are critical for reducing upfront costs** and improving affordability. In the residential case, predictable cash flows from energy savings and condominium fees are key to enabling loan-based financing, while in the public building case, strong owner commitment and the strategic combination of grants with contracting or performance-based models significantly improve project feasibility. Finally, across both pilots, **transparent communication with owners and users, staged renovation planning and the early alignment of technical ambition with financing conditions emerge as decisive factors** for successful implementation and replicability.

5.3 Key Stakeholder Network

The stakeholder groups were identified to support the development of the Hungarian Action Plan and to ensure that the proposed measures reflect the perspectives of all relevant actors in the building renovation ecosystem. The mapping provides a structured overview of the key institutions, organisations and market participants involved in or influencing renovation activities in Hungary, highlighting their respective levels of **interest** and **influence**. This analytical framework served as a foundation for stakeholder engagement throughout the project. The identified actors were subsequently invited to participate in the RENOINVEST round tables and technical working groups, where their insights and experiences directly contributed to shaping the Action Plan.

In the **private building sector**, the key actors include condominium associations and homeowners, investors, construction companies, ESCOs and other service providers, as well as financial institutions such as commercial banks and insurance companies. Their level of interest in renovation is generally high, particularly among building owners and technical service providers, but their influence on the regulatory and financial framework remains limited. Financing institutions hold strong influence, as access to capital and affordable loan structures are crucial for accelerating renovation rates. Intermediaries such as clusters, NGOs and research organisations also play a growing role in awareness raising, capacity building and in the development of innovative financial and technical models.

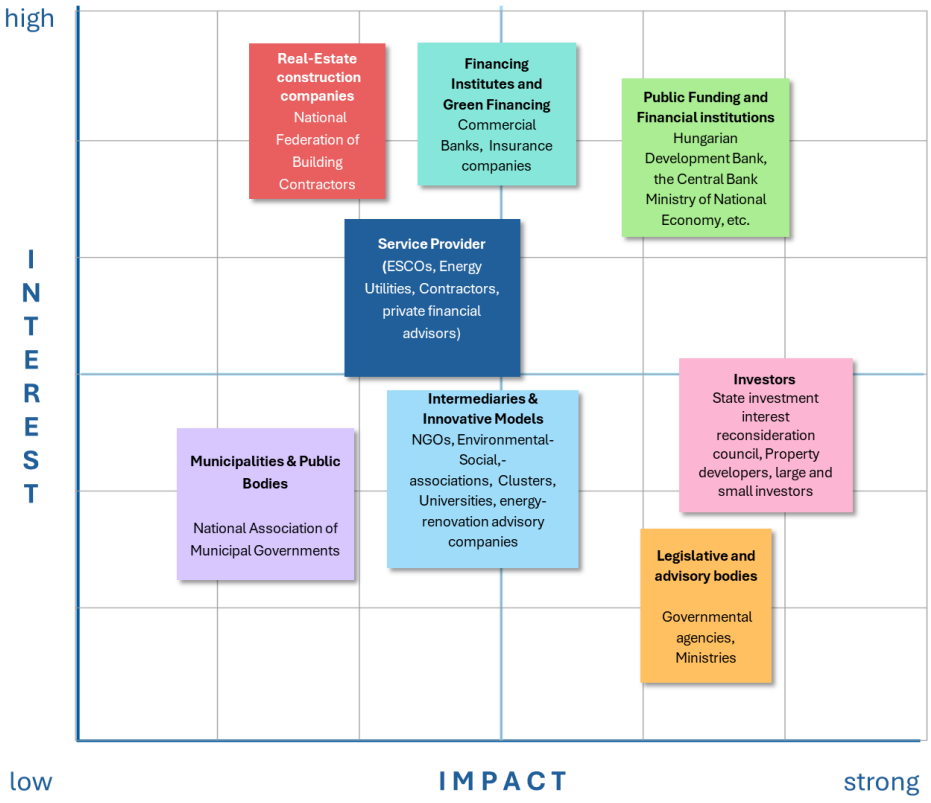


Figure 1: Stakeholders of the private sector

In the **public building sector**, municipalities and national agencies represent the most significant actors, as they are responsible for the management of public building stock and the implementation of state-funded renovation programmes. Ministries, public funding institutions and the Central Bank of Hungary exert substantial influence through regulation and budget allocation, while ESCOs and contractors hold operational importance as project implementers. The graphs included in the mapping illustrate that while municipalities and local actors demonstrate high interest in renovation, their actual decision-making power is constrained by financial and legislative dependencies on central government structures.

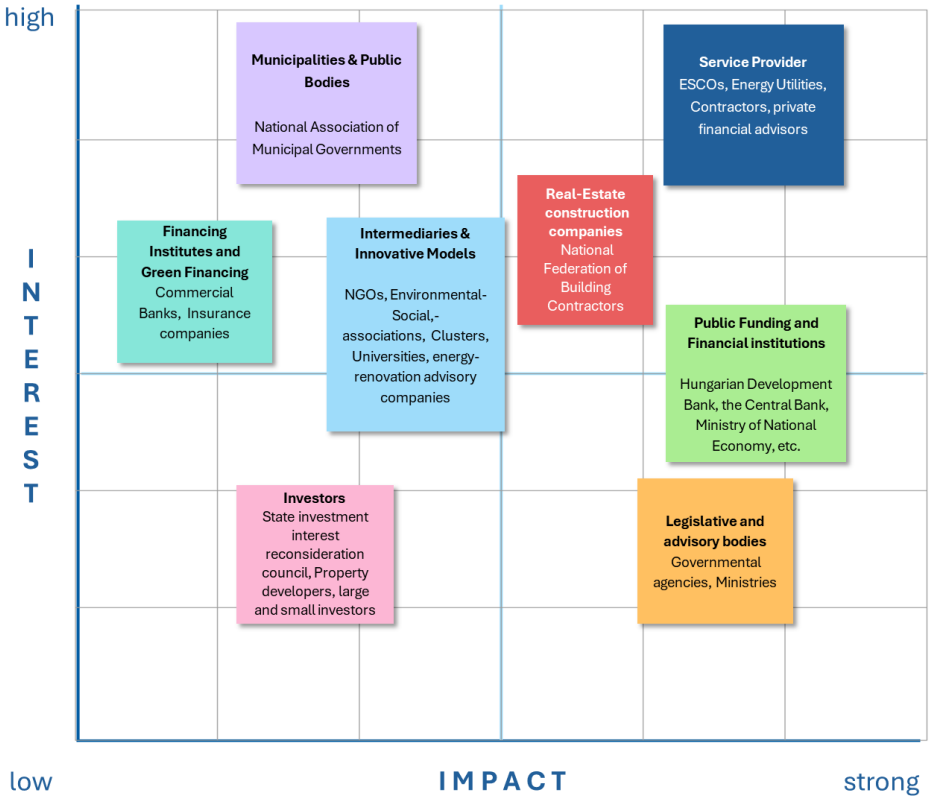


Figure 2: Stakeholders of the public sector

This stakeholder mapping provides a strategic overview of the current landscape of actors involved in building renovation in Hungary. By analysing their respective interests and influence, it highlights the need for stronger coordination between policy makers, financial institutions and local stakeholders. The results underpin the Action Plan's approach to fostering more inclusive, multi-level collaboration and to designing financing and policy measures that reflect the realities of both the private and public renovation markets.

6 ACTION PLAN

The Action Plan was developed with the active involvement of key stakeholders through the national roundtables, thematic working groups and expert discussions described in section 3.2.1. Their expertise and practical experience were essential in identifying the main barriers and defining realistic solutions to accelerate sustainable building renovation in Hungary. **The document is not a governmental strategy or regulatory instrument, but a set of recommended measures intended to support the development of sustainable renovation financing and to inform future policy design.**

Chapter 6 presents the proposed measures and actions needed to create the framework for large-scale renovation investments across both the private and public sectors. The measures are structured under three interlinked priority areas which together establish the basis for stable regulations, the mobilisation of financing and the strengthening of professional capacity and social awareness.

A key focus of the Action Plan is to transition from grant-dependent renovation schemes towards market-oriented models involving greater mobilisation of private financing, thereby ensuring long-term financial sustainability and increased participation of private actors in achieving Hungary's renovation goals. The Action Plan summarises all recommended measures necessary to reach these objectives; however, the proposed measures will require further elaboration and refinement in order to support their practical implementation.

6.1 Priority Action Areas

The Action Plan recommendations are explicitly **financing-driven, with a primary objective of mobilising private financing at scale** to accelerate sustainable building renovation in Hungary. The proposed measures are designed to create a stable and predictable investment environment in which private capital can effectively complement public resources and support long-term renovation objectives. This requires the **simultaneous alignment of legal, financial and capacity-related conditions**: financing mechanisms depend on an enabling regulatory framework as well as on sufficient levels of awareness, knowledge and professional capacity among all relevant actors. As no dedicated supporting measures are foreseen at this stage, the success of the Action Plan relies on the strong, parallel and mutually reinforcing implementation of these conditions, which together form the foundation for market-based renovation.

The **Legislative Area** focuses on creating legal certainty and regulatory stability for renovation investments by removing existing barriers, aligning regulations with long-term renovation objectives and enabling new financing models such as staged renovation, energy performance-based contracts and blended public–private financing. A predictable legal framework is essential to reduce risk for investors, financial institutions and building owners and to support long-term financial commitments.

The **Financing Area**, which forms the core of the Action Plan, aims to establish predictable, long-term financing instruments that effectively combine public support with private capital. The emphasis is on moving away from short-term, grant-dominated schemes towards market-oriented solutions that can operate at scale, attract private investors and remain available over longer time horizons, while

addressing the needs of homeowners, condominium associations and municipalities and leveraging public funds efficiently.

The **Awareness & Knowledge Transfer Area** addresses the human and institutional factors that influence uptake and implementation. It focuses on strengthening professional capacity, improving access to reliable information and fostering cooperation among public authorities, financial institutions, professionals and building owners, thereby reducing non-financial barriers and ensuring that financing solutions result in high-quality renovation projects.

	Key Measures
Legislative Area	1.1 Enable municipalities to participate in EPC-type mechanisms
	1.2 Adjust the law on condominiums (Law No. CXXXIII. of 2003.) with respect to introducing long-term financial planning in order to create the budgetary preconditions to staged renovations and to introduce compulsory screening of their technical conditions including energy consumption
	1.3 Enable condominiums to decrease/reclaim VAT
	1.4 Establish nationwide or regional One-Stop-Shops
	1.5 Make property renovation more attractive to investors
	1.6 Integrate circular economy and nature-based solutions into building renovation regulations
Financing Area	2.1 Launching a long-term financing mechanism combining subsidies and private finance for deep renovation, open for every homeowner, focused on energy savings
	2.2 Framework for financing staged or serial renovations
	2.3 Extend the duration of the interest rate subsidy of the existing condominium financing scheme from 10 to 15 years
	2.4. Use of energy savings obligations (HEM) in the financing of deep renovations
Awareness & Knowledge Transfer Area	3.1 Education of condominium management as a profession and building renovation in architecture
	3.2 Facilitate/support renovations by public databases
	3.3 Introduce renovation roadmaps and passports
	3.4 Promotion of real-time energy consumption monitoring and visualisation platforms
	3.5 Targeted Public Awareness Raising

Table 1: Proposed priority action areas and key measures of the Hungarian Action Plan

6.2 Key Measures

An overview of all proposed measures of the Action Plan is provided in Table 1 grouped by Key Action Areas. Each measure is subsequently described in more in separate tables.

The following main actions are proposed by the Hungarian RENOINVEST team to accelerate sustainable building renovation. First, the measures describe the **necessary legislative changes** to create an enabling framework, followed by those in the **financing area** to ensure long-term and accessible funding and finally measures on **awareness and knowledge transfer** to strengthen professional capacity and public engagement. Each measure follows a structured format outlining the initial situation, proposed actions, target and implementing groups, key stakeholders, added value, timeline, awareness level and monitoring approach.

Each proposed measure in the Action Plan follows a unified structure to ensure clarity and comparability. The **Initial Situation** outlines the current regulatory, financial, or market conditions and identifies the main barriers or gaps that the measure seeks to address. The **Description of the Measure** then presents the concrete policy actions, legal adjustments, or implementation steps proposed to overcome these challenges.

The **Affected Sector(s)** specify which parts of the economy - such as the residential, public, construction, or financial sectors - are directly influenced. The **Target Group of the Measure** identifies those who benefit most or are directly impacted, for example homeowners, developers, municipalities, or financial institutions. The **Implementing Group of the Measure** names the public or private institutions responsible for enacting and managing the measure, while the **Involved Stakeholder Groups** list the partners, experts and organisations expected to collaborate in implementation and monitoring.

The **Added Value of Implementing the Measure** summarises the anticipated social, economic and environmental benefits. The **Timeline for Implementation** indicates when and in what phases the measure should be introduced. The **Current Level of Awareness of Decision Makers**, based mainly on the political agenda, reflects how well the topic is prioritised:

- 🔴 **Red:** Low awareness, little or no action taken or scheduled.
- 🟠 **Orange:** Moderate awareness, limited action taken or planned.
- 🟢 **Green:** High awareness, several actions taken or under implementation.

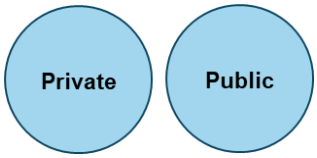
Finally, the **Monitoring of the Implementation Process** explains how progress will be tracked - identifying the responsible bodies, data sources and key performance indicators used to measure success and ensure transparency.

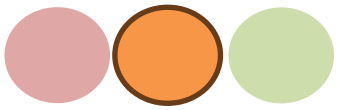
6.2.1 Legislative Area

Legislative Area	1.1 Enable municipalities to participate in EPC-type mechanisms
	1.2 Adjust the law on condominiums (Law No. CXXXIII. of 2003.) with respect to introducing long-term financial planning in order to create the budgetary preconditions to staged renovations and to introduce compulsory screening of their technical conditions including energy consumption
	1.3 Enable condominiums to decrease/reclaim VAT
	1.4 Establish nationwide or regional One-Stop-Shops
	1.5 Make property renovation more attractive to investors
	1.6 Integrate circular economy and nature-based solutions into building renovation regulations

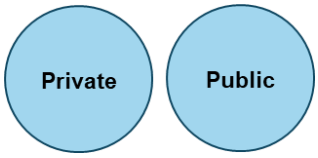
Table 2: Proposed measures of the legislative area

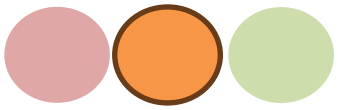
1.1 Enable municipalities to participate in EPC-type mechanisms	
Initial situation	Since 2011 the financing of local governments has been regulated by **Act CXCIV of 2011 on the Economic Stability of Hungary**. According to this act the previous **normative financing has been replaced by targeted financing**, i.e. resources are allocated through a sub-chapter of the state budget for the legally defined mandatory tasks that local governments must perform. This means that financing the mandatory tasks of the municipalities comes each month via a central allocation of the state funds. In addition to the mandatory tasks municipalities can undertake further tasks voluntarily only if they can allocate revenue for financing them. Local governments have the option of levying and collecting local taxes, but even so, the local governments' revenue-generating capacity is low. Local governments are obliged to include the resources and expenses of the performance of their tasks in a local government budget decree every year, i.e. they are obliged to prepare an annual budget. The local government may only use the resources that it uses to perform its tasks; if there is any money left at the end of the budget year that was not spent on task performance, it must be paid back to the state budget. Furthermore, according to the law, local governments are not entitled to take out long-term loans for investment purposes and if this were to happen, a state permit or guarantee is required, therefore municipalities are not encouraged to commit themselves to ESCO/EPC schemes. Funds intended for development and investments are made available to municipalities by the government within the framework of operational programs from European Union sources. The funds available in the present cycle are tied to the priority system and investment objectives of the Hungarian state budget funded Operational Program i.e. they do not necessarily coincide with the development objectives of individual local governments. All of this means that the room for financial manoeuvring of

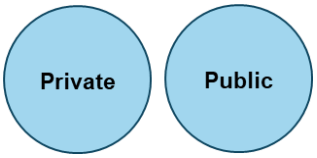
	local governments is quite limited in Hungary. In the system described above, the municipalities do not have funds that can be spent freely, nor do they have the opportunity to generate money for developments and investments, including climate-related developments, by reallocating funds.
Description of the measure	A new **and well-defined rule must be added** to the above Law **with regard to the financing of energy efficient retrofits by the municipalities**: while it is not forbidden for the municipalities to assume ESCO/EPC type contractual fee payment liabilities this rule should specifically enable municipalities to pay the contracted fees for ESCOs/EPC partners by letting municipalities to keep these amounts from the central allocation on their own accounts; with the condition that only audited ESCOs/EPCs can be financed which qualify as off-balance sheet items (do not form part of state budget deficit). This would be **a basic condition for the municipalities to invest in energy efficiency via innovative methods, like energy communities, ESCO/EPC structures**, etc.
Affected sector(s)	
Target group of the measure	Public and Private The measure targets stakeholders in the public sector (government and municipalities), but also in the private sector involved in building renovations, like ESCO companies and companies offering EPC schemes. Commercial banks may also be affected as financing ESCO/EPC is expected to be increasing by this measure.
Stakeholders to implement the measure	The Law can be changed by the Parliament based on the government´s initiative (the Ministry for Energy is responsible for the preparation of the change). Municipalities will make use of the change as it takes effect.
Involved stakeholder groups	Government/Ministry for National Economy Municipalities, Municipal Associations ESCO companies, companies offering EPC contract services, Construction industry companies Commercial banks
Added value of implementing the measure	The modification helps municipalities implement energy efficiency projects that are out of the scope of the present Operative Programmes, i.e. they would be able to implement the municipalities´ own goals (like SECAPs). It would enable municipalities making public procurements for ESCO/EPC services, taking part in energy communities, i.e. using other sources of finance besides the grants only.

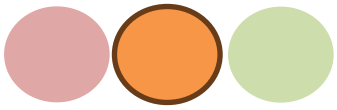
	Using ESCO/EPC type of contracts/services would mean including higher scale of private finance and producing more bankable projects. It can also help the ESCO market to start to develop again.
Timeline for implementation	
Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	Preparation of changing the Law is managed by the Ministry of Energy. After the text of the change of the Law is ready, it shall be presented to Parliament and Parliament should approve it, finally the change in the Law should be published in the official gazette of the government.

1.2 Adjust the law on condominiums (Law No. CXXXIII. of 2003.) with respect to introducing long-term financial planning in order to create the budgetary preconditions to staged renovations and to introduce compulsory screening of their technical conditions including energy consumption	
Initial situation	Under the above law condominiums are obliged to prepare an annual budget. The budget is focused on the operation of the condominium, i.e. the operational costs have to be covered by the revenues of the condominium. It is also possible for the condos to collect money for future renovations and refurbishment; however, this is not compulsory. Many of the condos collect money by incorporating an amount into the monthly bill paid by the homeowners for the common costs of the condo and placing these amounts on a reserve account. Government decree No. 12/2001. includes provisions on the amount to be collected on the reserve account of a condominium (in the case of buildings newer than 15 years, the amount to be collected is 6 HUF/m^2 in a house without elevator, 8 HUF/m^2 in a house with elevator, in the case of buildings older than 15 years, the amount to be collected is 10 HUF/m^2 in a house without elevator, 12 HUF/m^2 in a house with elevator). **The amounts collected this way will serve as a source of own funding in the case of a renovation/refurbishment project. However, a large number of condos does not allocate money for future renovations** and they usually face problems when they seek financing for larger renovation works. Banks are reluctant to give loans to condominiums when they do not have reserve funds for renovation. Homeowners on the other hand are usually not able to finance larger renovation works themselves either. Condominiums are not obliged to assess the building´s technical condition at present. This means that the homeowners – and even the condo´s official representatives are usually not aware of the building´s technical condition, how it could be improved, what it means in energy consumption and what risks, problems are they facing regarding future operation. In order to raise the awareness of homeowners and to be able to foresee what kind of measures and when will have to be taken at the building it is necessary to have an assessment/screening on its the technical condition.
Description of the measure	The above **law on condominiums needs to be modified** with respect to **the building´s technical screening and the introduction of a long-term planning.** The obligation of annual budget preparation should be extended: besides the annual operational budget the condominium should prepare a longer term, **at least 5-year plan with regard to investment needs. This long-term plan should be based on the assessment of the technical condition of the building**. The screening should also be made compulsory for each condominium (by giving certain time for the implementation). Moreover, the above government decree should also be modified, by **increasing the amounts to be collected to the reserve account**, as the amounts fixed in

	2001 are far from representing the necessary volume of savings for future retrofits. Based on the screening the condo will have a clear picture of its technical status, what kind of investments (repairs or refurbishment or renovation) are necessary and the measures can also be prioritized. Costs of the investments can also be estimated; thus, the condominium can also discuss with the individual homeowners how to get funding for the necessary works. By raising the awareness of homeowner's decision making on funding possibilities, e.g. raising the amounts of money collected on reserve accounts for future investments could be justified in a more efficient way.
Affected sector(s)	
Target group of the measure	**Mainly Private Sector:** The measure affects all condominiums, companies/persons managing condominiums, actors who provide technical services to condos and/or carry out building renovations. The measure also affects homeowners who live in multi-apartment houses and local authorities, where municipal housing exists.
Stakeholders to implement the measure	**Private Sector** The modification of the law needs a preparation by government and approval by Parliament. (Public) Implementation of the recommended changes needs a lot of preparatory work for the managers of condominiums (companies/persons). They must also be educated how to deal with the new tasks; therefore, the law must give a certain time for the implementation of the changes (e.g. 2 years). Information and awareness raising campaigns are also necessary for the homeowners of multi-apartment houses. Besides condominium managers and homeowners, associations of condominiums, associations of condominium managers and potential One Stop Shops will also be important groups as regards education and awareness raising. An outstanding motivation towards implementing these modifications could be if the VAT payable on the services rendered to condominiums could be reduced from 27 % to 5 % (see also Measure 1.2).
Involved stakeholder groups	Condominium managers Homeowners Association of condominiums Association of condominium managers Chamber of Engineers One-Stop-Shops

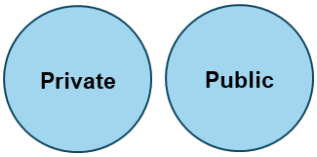
Added value of implementing the measure	The compulsory technical assessment of the building´s technical condition and a long-term investment plan contributes to the followings: Condominiums and homeowners will be made aware of the technical condition of their building and needs for renovation and its costs. Condominium managers will be able to rationally argue that better technical condition and lower energy consumption will lead to increasing or keeping the market value of the building. Condominiums will be able to act in a proactive way rather than just doing the very necessary repairs. **Economically**, being aware of the technical conditions and the investment requirements will lead to more responsible planning and financial management, including collecting more appropriate amounts on the reserve fund for investment purposes. Technical assessments would create work opportunities for the service sector, and the hopefully increased renovations create market potential for the construction industry and regional value creation. **Ecologically**, renovations reduce energy consumption and accelerate decarbonisation. In view of ambitious climate targets, the proposed measures are urgently needed.
Timeline for implementation	
Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	The education and awareness raising needs lots of efforts from NGOs like associations of condominiums and condominium managers, OSS and the Hungarian Chamber of Engineers as information providers. They must use public relations work to highlight existing or lacking progress and must be supported for their work in this respect.

1.3 Enable condominiums to decrease/reclaim VAT	
Initial situation	Condominiums are **not legal entities in Hungary, they cannot reclaim Value Added Tax (VAT)**, which is 27 %. All services rendered to condominiums or goods sold to them including building materials for repairs and renovations are subject to a 27 % VAT. As condominiums represent private persons (the homeowners) at the end of the day it would be justified to reduce the VAT related to the services rendered to condos, like the condominium management, maintenance works, renovation and repair works including materials to 5 % (similar to certain basic food items). Another possibility is that condos can reclaim VAT, however this would require a higher level of consideration as their legal status makes the question more complex.
Description of the measure	The **law on the VAT needs to be modified** with respect to the specific services rendered to condominiums. It needs to be specified in the modification what services would fall under the 5 % VAT category and what conditions need to be met for instance in the case of a renovation in order to be eligible for the lower VAT. For example, renovation projects (including the preparation of plans, energy audits, implementation of renovation works, technical supervision, etc.) could be eligible for 5 % VAT if the renovation project is based on a technical assessment and is included in the 5 years plan of the condominium and the plan is approved by the majority of the homeowners in the condominium.
Affected sector(s)	
Target group of the measure	**Public Sector:** The modification of the law needs a preparation by government (Ministry of Economy) and approval by Parliament. Reducing VAT on services rendered to condos decreases the tax revenues of the state on one hand, however the increasing volume of renovations counterbalances this effect. **Private Sector:** The measure affects all condominiums, all actors who provide services to condos and/or carry out building renovations, repairs and maintenance services. The measure also affects all homeowners who live in multi-apartment houses and **local authorities**, where municipal housing exists. **Municipalities could also benefit from the measure** as a large number of municipalities have properties in condominiums where they are also subject to paying both the costs of operation and renovations. As municipalities cannot reclaim VAT either, this measure would **reduce the**

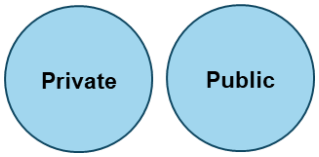
	costs to be paid by the municipalities for their condominium properties as well.
Stakeholders to implement the measure	**Private Sector/Public Sector** Implementation of the recommended change needs preparatory work with respect to taxation and state budget issues. After the modification comes into force condominium managers and all actors providing services to condominiums will have to adopt the change in their financial administration.
Involved stakeholder groups	Condominium managers Municipalities All actors providing services to condominiums – energy auditors, engineers, SMEs in the construction sector, maintenance companies Hungarian Chamber of Engineers
Added value of implementing the measure	Reduction of the VAT on the services provided to condominiums contributes to the followings: **Economically**, condominiums will be able to reduce their overall operational costs by paying only 5% VAT instead of 27% on purchased services. If homeowners decide to keep the monthly common cost bill at the same level, the VAT savings could be immediately allocated to a reserve account for future renovations. Investment and renovation costs would also be reduced, which is a significant advantage given the generally high and increasing costs of renovation; as a result, deep renovations would become more affordable for condominiums. Together, Measures 1.2 and 1.3 could therefore play a considerable role in boosting deep renovations of multi-apartment houses in Hungary. Municipalities could also reduce their costs of existing properties in condominiums. **Ecologically**, Renovations reduce energy consumption and accelerate decarbonisation. In view of ambitious climate targets, the proposed measures are urgently needed.
Timeline for implementation	
Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	The reduction of VAT on services provided to condominiums needs an administrative action in invoicing, when it takes effect, implementation is immediate. OSS, association of condominiums and condominium managers, Hungarian Chamber of Engineers are actors who are able to follow renovation activities of condominiums and track how these activities develop. As invoicing takes usually place on real-time basis, the National Tax and Customs Authority can also monitor implementation.

1.4 Establish national wide or regional One-Stop-Shops	
Initial situation	**Homeowners and condominium managers require technical assistance, clean and transparent information for planning staged renovation**. These can be made available via dedicated market actors, like One-Stop-Shops. Up-to date only very few OSS operate in Hungary at present (a pilot was created in the RenoHub[5] project), large-scale OSS development has not been implemented. The existing few OSS face difficulties of financing their operation, a financially sustainable business model has not yet been created. The Hungarian Chamber of Engineers provides technical assistance to homeowners and condominiums, energy audit services are also available, however, the Chamber´s activity in this respect is little known and the business model is not clear either.
Description of the measure	To efficiently facilitate renovations both in the fields of residential and public buildings, **country-wide or regional OSS must be created and operated**. OSS could specialize to focus on residential buildings and/or municipal buildings. The OSS main activities are guiding renovation projects, providing energy advice, technical assessment, financing and subsidy information, technical and legal guidance, technical and planning advice regarding staged renovation and access to skilled trades. The OSS can collaborate with the Hungarian Chamber of Engineers, certain tasks can be shared with it. OSS can also function as knowledge centres for professional training. **Key supporting measures include the creation of a sustainable business model.** EU and/or national state funded Technical Assistance programmes for training OSS advisors, setting up and standardization of good consulting practices, a data base, running communication campaigns, a list of qualified service providers and advisors and developing revenue streams for further operation. Revenue streams may come from services sold through the OSS, advisory fees and cooperations with actors in the construction sector or financiers. The main activities of an OSS are guiding condominiums, homeowners, municipalities in renovation projects, Renovation Passports, scaling pilot projects; coordinating the roles of governmental and municipal authorities; training OSS advisors; running communication campaigns; and involving condominium managers and construction companies as key multipliers.

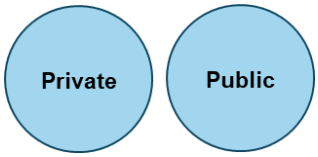
[5] https://renohub-h2020.eu/

Affected sector(s)	
Target group of the measure	**Mainly Private Sector**: It targets actors involved in both small- and large-scale building renovations, including homeowners, condominiums, their associations, the Chamber of Engineers, NGOs and energy consulting agencies, existing OSS. As to public sector municipalities and their associations are targeted.
Stakeholders to implement the measure	**Mainly Public Sector**: The implementing actors include administrative authorities (government), associations of municipalities, OSS, the Hungarian Chamber of Engineers, KTI/ÉMI, energy agencies, advisory organisations, independent energy advisors.
Involved stakeholder groups	Government Municipalities, association of municipalities Existing OSS Independent energy advisors, NGOs Association of condominiums, condominium managers Actors of the construction industry Engineering consultancies and independent engineers
Added value of implementing the measure	National wide One-Stop-Shops contributes: **Socially**, OSS improve accessibility to renovation guidance, financing and technical support, enabling both condominiums and homeowners to participate and strengthening local expertise through training and knowledge transfer. **Economically**, coordinated support increases renovation activity, stimulates demand for construction, installation and advisory services, creates jobs and improves the efficiency of public subsidies and investments. **Environmentally**, OSS promote energy-efficient renovations, renewable energy integration and sustainable building practices, resulting in lower energy consumption and reduced CO_2 emissions, while contributing to Hungary's broader climate goals.
Timeline for implementation	
Current level of awareness of decision makers, mainly based on political agenda	

Monitoring of the implementation process	The implementation of OSS should be closely monitored through multiple layers of oversight. Regional authorities track regulatory compliance, funding allocation and geographic coverage, while OSS report operational metrics such as clients served, consultations provided, financing facilitated and contractor referrals. Independent evaluators assess the impact on renovation uptake, energy efficiency and CO_2 reductions. Key issue is that the monitoring can be supported by centralized digital monitoring platforms for data aggregation and benchmarking.

1.5 Make property renovations attractive to investors	
Initial situation	Investors and property developers pay only 5% VAT on energy efficient new investments, like residential buildings. However, there is **no incentive of building renovation and urban rehabilitation investments**, s these are subject to a 27% VAT rate. Both building materials and construction works are subject to a VAT payment of 27 %. This makes renovation works even more expensive both for homeowners, as being private persons, they cannot reclaim VAT. Owners of public buildings like municipalities are in the same situation as they are not entitled to reclaim VAT either.
Description of the measure	To efficiently facilitate property renovations both in the fields of residential and public buildings, property renovation and urban rehabilitation projects have to be made attractive for property developers and investors – the competition between developing a new property and renovation/rehabilitation of existing properties should be placed on equal terms. **Incentivize energy-efficient building renovation for real estate developers and investors by decreasing the level of VAT to paid on property renovation and urban rehabilitation projects to 5 %.** The reduced VAT would be subject to the project qualifying as deep renovation, tied to pre-defined levels of energy savings, the use of certain technologies and materials (see circular economy, the use of recycled building materials). Independent technical experts, engineers are expected to validate each renovation project to prove its eligibility. The National Tax and Customs Authority could control and approve the qualifications. As the reduction of VAT is an issue with regard to the state budget, its effects have to analysed and examined. Reducing the VAT will have a boosting effect on renovations and the construction industry and could have a multiplicator effect on a wider ecosystem which would balance the reduction of VAT in the state budget over the years.
Affected sector(s)	
Target group of the measure	**Private Sector**: The measure targets investors and property developers, actors involved in both small- and large-scale building renovations. **Public Sector:** The Ministry for National Economy is responsible budget planning

Stakeholders to implement the measure	**Mainly Public Sector**: The implementing actors include the Ministry for National Economy and the National Tax and Customs Authority. Technical compliance issues will be implemented by administrative authorities (government), the Hungarian Chamber of Engineers, energy agencies, advisory organisations, independent energy advisors.
Involved stakeholder groups	Government/ministries and their agencies Independent energy advisors, NGOs Property developers Actors of the construction industry Engineering consultancies and independent engineers
Added value of implementing the measure	Making property renovations attractive to investors contributes: **Socially**, equalizing the competition between new developments on the residential market and the renovations, therefore helps to accelerate renovations. **Economically**, the reduced VAT makes renovations more affordable, less financing/subsidy is necessary, it increases renovation activity, stimulates demand for construction, installation and advisory services, creates jobs and improves the efficiency of public subsidies and investments. **Environmentally**, renovations result in lower energy consumption and reduced CO_2 emissions, while contributing to Hungary's broader climate goals.
Timeline for implementation	
Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	The monitoring of the projects qualifying for reduced VAT the data related to them can be assigned to a suitable authority of the government. The National Tax and Customs Authority can also monitor the invoices in relation to the qualified projects/developers.

1.6 Integrate circular economy and nature-based solutions into building renovation regulations	
Initial situation	Circular economy principles and nature-based solutions are not systematically integrated into building codes or renovation regulations in Hungary. Reuse of building materials, recycling of demolition waste, or the integration of green-blue infrastructure elements (e.g. green roofs, vertical greening, rainwater retention) are not incentivized.
Description of the measure	• Amend national building regulations to include mandatory assessment of reuse and recyclability of materials for renovations. • Introduce standards and certification for circular construction materials and secondary raw materials. • Promote nature-based solutions (NbS) such as green roofs, façades and urban biodiversity-enhancing renovation elements by integrating them into energy renovation frameworks. • Link eligibility for renovation subsidies or reduced VAT to circular material use or NbS integration.
Affected sector(s)	
Target group of the measure	**Private Sector**: Property developers, construction companies, architects and engineers involved in renovation projects who can apply circular materials and nature-based solutions (NbS) **Public Sector:** Ministries, municipalities and public building owners affected by the new regulatory and incentive framework promoting circularity and NbS integration.
Stakeholders to implement the measure	**Mainly Public Sector**: The Ministry of Construction and Transport and the Ministry of Economy are responsible for preparing and amending national building regulations and linking subsidies or VAT incentives to circular and NbS criteria. **Supporting Actors:** KTI/ÉMI, the Chamber of Engineers, environmental agencies and advisory organisations will develop technical standards, certification schemes and guidance materials for implementation.
Involved stakeholder groups	Government/ministries and their agencies, e.g. KTI/ÉMI Municipalities Engineering and architectural chambers Technical universities Construction industry representatives Independent energy and sustainability advisors, NGOs active in circular Economy and green infrastructure Financial institutions supporting green investment

Added value of implementing the measure	**Economically**, reduces material dependency and waste management costs. **Ecologically**, supports biodiversity, urban climate adaptation and carbon sequestration. **Socially**, creates new green jobs and improves living comfort in renovated buildings.
Timeline for implementation	
Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	The Ministry of Construction and Transport, together with KTI/ÉMI and technical universities, oversees data collection on the application of circular materials and NbS. Annual reports evaluate progress based on key indicators: • Share of renovation projects using circular or recycled materials (%). • Number of projects integrating nature-based solutions (e.g. m² of green roofs/façades). • Number of certified circular construction materials/products. • Annual reduction in construction waste or material footprint (% or tons

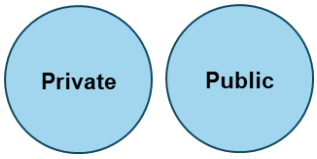
6.2.2 Financing Area

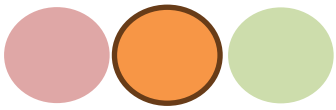
Financing Area	2.1 Launching a long-term financing mechanism combining subsidies and private finance for deep renovation, open for every homeowner, focused on energy savings & circular economy and natural based solution
	2.2 Framework for financing staged renovations
	2.3 Extend the duration of the interest rate subsidy of the existing condominium financing scheme from 10 to 15 years
	2.4. Use of energy savings obligations ("HEM") in the financing of deep renovations

Table 3: Proposed measures of the financing area

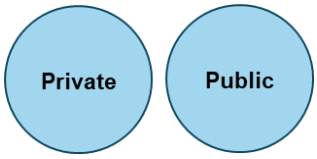
2.1 Launching a long-term financing mechanism combining subsidies and private finance for deep renovation, open for every homeowner, focused on energy savings	
Initial situation	Hungary has not had a dedicated funding mechanism for residential deep renovation open to every homeowner up till now, although several subsidized programmes were implemented in the past five-six years. These programmes were focused on the acquisition of homes targeting families with children or focusing on families with the potential to have children. Other programmes were focused on families moving into small villages. From September 2025 a new facility has been opened up for those who are buying their first own apartment/home, it is a loan facility with subsidized interest rate (the difference to the market interest is paid by subsidies from the state). All these programmes are funded by large amounts of grants given by the government and although there are conditions to be fulfilled, these programmes are focused on only certain target groups of citizens. Although the majority of these programmes is no longer available (they were running for 2-3 years) some of the funding obligations from the state budget will still prevail. A facility introduced in 2024 has a focus on renovations and/or renewable energy, it is already a combination of grants and interest free loans and although the grant element is tied to energy savings, it is limited to certain areas of the country only, not available country-wide. As a result of all these programmes large amounts of grants and subsidies were spent on supporting certain target groups for the acquisition of apartments, part of which are newly built apartments or houses. However, the deep renovation of the existing residential building stock remained on a very low level (under 1 % of the existing stock) and is still far from the annual rate of 3 % which would be necessary to reach the national climate targets. Hungary had the highest inflation rate in the EU in 2022-24, which resulted in significantly increased prices of building materials and construction works and as it is still difficult to curb inflation the base interest rate is kept high (6,5 %) by the Central Bank of Hungary.

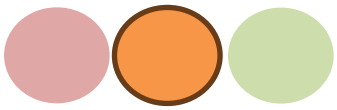
	As a consequence, mortgages and traditional bank loans are rather expensive, green mortgages do not have significantly lower rates either. Existing bank loans, such as mortgages and housing loans, are the most common form of third-party financing in Hungary as well, but they are harder to access for renovations than for new construction/acquisition. Banks perceive renovations as harder to value and securing loans for multi-apartment buildings or condominiums is complex. Standard loan terms (10–20 years) are typically too short for energy-efficient renovations, which would benefit from longer terms (20–30 years) and initial grace periods. Long-term, multi-generational repayment models are not yet established, and banks are cautious due to unclear risk assessments and legal as well as organizational issues. As a consequence of all the above, the average homeowner in Hungary can hardly afford a deep renovation of his/her house/apartment. While high-income or creditworthy owners have reasonable access to financing, broader populations—especially older homeowners or middle- to low-income households—face significant barriers, limiting renovation uptake crucial for climate goals and social equity. Therefore, it is justified to conclude that subsidies and grants should still play an important role in boosting renovation uptake, however, grants and subsidies should be used in a more efficient and socially balanced way. Furthermore, it is imperative that only long-term schemes are able to facilitate renovation uptake prevailing at least for 10 years with predictable terms. Differential subsidies or interest rate reductions could be introduced for renovations that demonstrably reduce material footprint, extend building lifespan, or contribute to urban climate resilience.
Description of the measure	The creation and provision of **specific funding and financing schemes dedicated for home renovation** is necessary to facilitate the large-scale uptake of renovation. These schemes must be **long-term schemes**, i.e. available in the long run to **create a predictable financing environment**. The dedicated scheme(s) combine the own resources of condominiums/ homeowners, commercial bank loans and subsidies in an efficient way. This dedicated scheme comprises different elements and can be implemented in the form of different models: • The models are **a combination of subsidies and commercial loan financing**, with the necessary own funds of homeowners/condominiums, • The **subsidy/grant element focuses on deep renovation tied to energy savings** like certain level of energy savings to be reached, or dedicated measures (e.g. insulation, change of windows/doors) with the condition that the homeowner continues with other measures on his own budget, • **Size of subsidies must be differentiated**, for example lower income households receive higher level of subsidy and/or higher energy

	savings/higher proportion of deep renovation elements receive higher subsidy, • Subsidies/grants can come in the form of one-time payments or interest rate subsidies to make the loans, especially longer-term loans more affordable, • The well-known **home savings products (Bausparkasse) should be revitalized**, at present these are available on market basis. As this product is still popular and well understood, **incentives should be given to its wider scale use again** (increasing levels of premium for higher volume of savings to keep its competitiveness and advantages when taking out loans for renovation purposes, like reduced interest rates), • Subsidies/grants can also be used **to create a "Special Purpose Vehicle" for dedicated residential renovation purposes,** which can develop products tailored to home renovations/condominiums renovations. It can refinance the loans given by commercial banks like a revolving fund, or like an investment fund. The fund can start with EU grants/EIB loans with co-financing from commercial banks and investors. Launching such a Vehicle would mean a **long-term commitment** from government as such funds are worth operating for the long run only. • Subsidies/grants can also be used to create a **Guarantee Facility** which gives guarantees to banks to back up the loans given for dedicated renovation purposes, • Subsidies/grants can also be used to incentivise commercial banks to develop dedicated home renovation loan products, by state-backed interest rates, thus making the commercial loans affordable in general and with special focus to **financially vulnerable households.** • **Loan durations** should be extended to align with energy-saving payback periods and **repayment conditions** made more flexible through grace periods and adaptable schedules.
Affected sector(s)	
Target group of the measure	**Mainly Private Sector:** The primary focus is on the residential housing sector, including small homeowners and condominiums, multi-apartment houses. In addition, small- and medium-sized companies involved in building renovations, as well as organisations providing services for home renovations.
Stakeholders to implement the measure	**Public and Private Sector:** Government/ministries, the Central Bank of Hungary, the Hungarian Development Bank, commercial banks, funding agencies and insurance companies need to create regulatory and financial frameworks and offer advisory service.

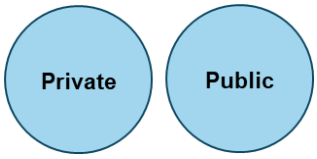
Involved stakeholder groups	Government/Ministries, other governmental organisations Central Bank of Hungary Hungarian Development Bank Commercial banks and the Hungarian Banking Association Guarantee organisations Financial consulting companies Construction sector companies
Added value of implementing the measure	Creating a long-term financing mechanism focusing on deep renovation and energy savings contributes: **Socially**, subsidies make renovations more affordable and accessible to a wider population therefore it should be available for every homeowner. A scheme prevailing in the long term can create predictable financing environment. Grants lower entry costs, enabling lower-income households to finance renovations, promoting social equity and higher acceptance. **Economically**, by enabling more renovations, subsidies strengthen the construction sector, craftsmanship and a stable demand for the construction sector. They improve project profitability, shorten payback periods and reduce risks for both property owners and financial institutions, thereby triggering additional investments. **Environmentally**, subsidies steer investments toward high-impact energy and climate measures, such as thermal insulation, renewable heating systems and photovoltaics, maximizing CO_2 reduction and supporting climate protection goals.
Timeline for implementation	
Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	Implementation can be tracked through the official statistics of the ministries and the Central Bank of Hungary (based on commercial banks´ statistics) that centrally record subsidies, loans, renovation roadmaps and Renovation Passports. Regular reporting aggregates data on the number, type and scope of supported renovations, while qualitative surveys among property owners, banks, contractors and advisory services identify barriers and potential improvements. Benchmarking across regions, funding programs, or financial institutions helps to highlight best practices. This combined approach of centralized data collection, regular reporting, qualitative evaluation and benchmarking ensures that the measure's implementation can be monitored, successes made visible and necessary adjustments made in a timely manner.

2.2 Framework for financing staged renovations	
Initial situation	Building material prices and engagement costs have significantly increased during the past few years, leading to longer return on investment (ROI) for deep renovations. Average citizens living in apartment houses usually cannot afford the considerably increased costs of deep renovation, this makes staged renovation even more imperative. However, staged renovations face financial disadvantages, as both subsidies and banks tend to favour comprehensive renovations. **Banks are reluctant to finance small parts** of a renovation project as **the taxonomy requires a minimum level of 30 % in energy savings – which has to be proved - in order to qualify the loan as taxonomy compliant**. Energy audits have to be made before and after the intervention, administrative requirements are high compared to the low amounts of loan disbursement. This makes it expensive for the bank, therefore the bank´s interest is to disburse as high amounts as possible. In the case of multi-apartment houses – condominiums – staged renovation is more relevant as the condominium projects represent higher volume than the individual homes. Renovations costs/m2 in multi-apartment houses are relatively cheaper compared to costs/m2 in individual houses, thus savings achieved are also higher than in individual houses, this is a good motivation for banks to go into financing of renovations of condominiums. Banking products remain standardized, without adapting to the specific needs of step-by-step or serial solutions. This **strong focus on comprehensive renovations hinders** the broader rollout of **staged and industrialized models**.
Description of the measure	The financing framework for staged renovations must incorporate **models with long duration**, i.e. they must be available in the long run in order to create a predictable financing environment. The financing models should **combine the own resources of condominiums, commercial financing and subsidies in an efficient way.** Revitalization of the home savings scheme and its integration into the financing models is necessary. Banks should be encouraged to offer loan financing based on measure-specific renovation plans, for example through framework loans, revolving facilities or staged financing. The focus is on building and stock renovations by the condominiums. Additionally, **private capital sources** like Green Bonds or contracting models should be more **strongly integrated**. Social protection measures, such as guarantees and interest subsidies, help ensure affordability for property owners. Necessary actions: • A long term (at least 10 years long) staged renovation support scheme is needed with a subsidy element coupled with Home Renovation Saving Schemes

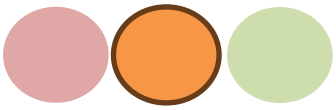
	• First stage of renovation can be a larger part, e.g. insulation, change of windows/doors with an upfront financing • Next stages could be subject to compulsory level of savings by the homeowners (Housing Savings Schemes) and reserve account of the condominium and proven energy savings achieved during the first stage, • Energy savings must be proven and validated by technical experts, energy auditors accepted by the bank in order be eligible for the subsidy element, • Levels of the subsidy/grant could be differentiated according to the income position of the homeowners, geographical differences, levels of savings achieved, etc. • A **Revolving Fund refinancing loans** given by the commercial banking sector for residential deep renovation purposes **should be created funded partially by EU grants and/or EIB loans and partly by commercial fund raising.** • **A Guarantee facility** could also be established for the guarantee of commercial loans for energy efficiency purposes (funded by grants/EIB loans) – the duration of the funds should at least be 10 years in order to provide the long-lasting availability (presence) of the whole scheme. • In the case public buildings staged renovation can also be relevant, Public-Private Partnerships like ESCO models, EPC contract-based partnerships can be a way to efficiently finance their staged renovations. **Institutional Support:** • **Establish One-Stop-Shop** structures that combine financing, subsidy administration and technical advice, including integration of the Renovation Passport. • The **Renovation Passport** documents planned renovation stages, providing security and certainty for banks and funding agencies. • Engagement of technical experts, engineers and energy auditors to assist in planning the staged renovations and to assist banks in validating the plans, the intervention measures taken and the energy savings achieved. • Facilitating ESCO and EPC models by harmonizing the relevant rules and laws. This approach facilitates the implementation of staged and serial renovation models, increases planning reliability and reduces risks for condominiums, homeowners, banks and funding agencies alike.
Affected sector(s)	

Target group of the measure	**Mainly Private Sector:** Small homeowners, condominiums and non-profit developers are key targets due to large building stocks and potential for economies of scale. Commercial developers are also relevant but less because of their business models. Public buildings as schools and hospitals are also suitable for staged and serial renovations because of their large-scale properties.
Stakeholders to implement the measure	**Private and Public Sector:** Commercial banks, government/ministries and their agencies, the Hungarian Development Bank and funding agencies need to create regulatory and financial frameworks and offer advisory service.
Involved stakeholder groups	Government/ministries, other governmental organisations Central Bank of Hungary, Hungarian Development Bank Commercial banks and the Hungarian Banking Association, Guarantee organisations Financial consulting companies Construction sector companies: manufacturers, contractors, developers, designers; National Federation of Hungarian Building Contractors
Added value of implementing the measure	The measure contributes: **Socially**, renovations become more affordable, with phased implementation allowing cost distribution over time. Subsidies reduce upfront expenses. If the scheme operates in a reliable way for many years, its predictability will encourage more and more homeowners and condominiums to enter into deep renovations. **Economically**, the construction sector, craftsmanship and regional value creation are strengthened. Subsidies shorten payback periods, reduce investment risks and leverage additional private capital. The scale of renovations will create a steady demand for the construction industry and helps balance the seasonal differences. The scale of renovations creates a steady demand for the banking services as well, procedures and products can be standardized, efficiency can be increased. **Environmentally**, targeted incentives make high-impact measures—such as thermal insulation, renewable heating systems and PV installations—more attractive, maximizing CO_2 reduction per euro invested.
Timeline for implementation	
Current level of awareness of decision makers, mainly based on political agenda	

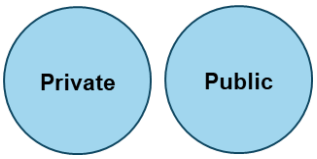
Monitoring of the implementation process	Implementation can be monitored and overseen through a combination of quantitative and qualitative measures. The Hungarian Development Bank coordinates overall progress and integrate reporting into national and EU frameworks while the Central Bank of Hungary as Financial Market Supervision ensures regulatory compliance and monitors risk weighting for renovation loans. Banks and banking associations track loan volumes, advisory services and integration with subsidies and funding agencies verify correct application of grants in connection with the Renovation Passport. Independent evaluators and research institutes provide ongoing assessment of effectiveness, efficiency and scalability, supplemented by dashboards, benchmarking and user surveys to capture feedback from property owners, banks and construction professionals. This multi-level oversight ensures accountability, continuous improvement and alignment with policy objectives.

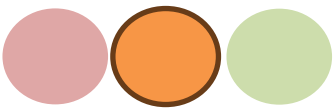
2.3 Extend the duration of the interest rate subsidy of the existing condominium financing scheme from 10 to 15 years	
Initial situation	One of the leading commercial banks in Hungary (OTP Bank) offers loan facilities for condominiums to finance renovation works. The bank is also involved in keeping the current accounts of condominiums. The loan facility offered has a maturity of 15 years and is offered with reduced (subsidized) interest rates, i.e. 70 % of the interest rate is paid by the state budget in the first five years and 30 % of the interest rate is paid by the state in the second five years, in the third five years there is no subsidy. Therefore, most of the condominiums carry out renovations the cost of which can be paid back within 10 years. The main decision-making factor of the investment is that it can be repaid within 10 years, instead of the real need for renovation or energy savings. This raises the problem of **locked-in costs and inefficient investments**, condominiums do not implement the necessary level of renovation, as renovation costs have risen considerably, return on investment has grown to 20-25 years, which justifies longer loan payback time. As interest rates tend to remain high due to the high risk of inflation, an interest rate subsidy of at least 30 % would be justified for the next 5 years´ periods as well.
Description of the measure	**The maturity of this loan should be extended to 20 years, with an interest rate subsidy of at least 30 % extended to the third and fourth five years of the loan facility** as well. **Moreover, the interest rate should be fixed, for at least five years´ periods**, with the interest rate subsidy included (at present the rate is based on the market rate, BUBOR[6]). This enables condominiums to perform the necessary level of deep renovations, not just a partial solution which would lock-in costs for the condominium. Investments can be made as efficient as possible by extending the preferential interest rate conditions and fixing the rate as well, to realize the most available savings in energy consumption.
Affected sector(s)	
Target group of the measure	**Mainly Private Sector:** Homeowners and condominiums are the target group of this measure; this would help them implement deep renovations in an efficient way.
Stakeholders to implement the measure	**Private and Public Sector:** Government/Ministry for National Economy to approve the interest rate subsidy in the state budget.

[6] Budapest Interbank Offered Rate

	Commercial banks to apply the measure if approved, they can further develop their offerings for condominiums.
Involved stakeholder groups	Government/Ministry for National Economy Commercial banks and the Hungarian Banking Association Condominiums, Homeowners
Added value of implementing the measure	Extending the interest rate subsidy to the third period of the condominium loan facility contributes: **Socially**, renovations become more affordable. If the scheme operates in a reliable way for many years, its predictability will encourage more and more homeowners and condominiums to enter into deep renovations. **Economically**, the financial position of condominiums will be strengthened as they will be in a better position to pay back the loans. Payback time will be better matched to the return on investment. Less expensive loans can contribute to encouraging more condominiums to carry out renovations. **Environmentally**, targeted incentives make high-impact measures—such as thermal insulation, renewable heating systems and PV installations—more attractive, maximizing CO_2 reduction per euro invested.
Timeline for implementation	
Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	Implementation can be monitored and overseen through the regular reporting of banks to the Central Bank of Hungary as market supervision.

2.4 Use of energy savings obligations ("HEM") in the financing of deep renovations	
Initial situation	The **Energy Efficiency Obligation System was introduced in Hungary from the beginning of 2021, as a policy initiative to help to reach the climate goals**. A similar system is operating in 16 countries of the EU. In this system the companies obliged have to run programmes and implement measures as a result of which validated/proven energy savings can be achieved in the final consumer´s energy consumption. Final consumers in the sector of the Hungarian companies and private homeowners are the beneficiaries of the system, i.e. companies operating in Hungary or residential homeowners can implement renovation measures as a result of which energy savings can be realized. These savings can be audited and validated, so the company or homeowner will have a certification of validated energy savings (Hungarian abbreviation "HEM"). The HEM is a property right, as asset, that can be capitalized in a company's balance sheet and the companies obliged to implement energy savings measures are interested in buying them as HEMs owned can be used to reduce the level of their own obligations. Therefore, HEMs have a monetary value and are tradeable with certain limitation (HEMs can only be sold to companies obliged under the system). The monetary value of the individual HEMs is set by a catalogue issued by the Hungarian Energy and Public Utility Regulatory Authority (MEKH). Since the middle of 2024, HEMs are traded at HUPX, the Hungarian Power Exchange in Budapest, there are regular auctions where the registered traders can buy the HEMs offered. Prices have shown a rising trend during the first couple of months, then started to decrease as the companies obliged have fulfilled their obligations. In 2025 the government increased the level/volume of obligations to be fulfilled by the companies obliged, so the demand for HEMs is rising again which forms a more predictable background for this marketplace. The largest company obliged under the system is the Hungarian Electricity Works (MVM) with 14 M PJ in 2024. This amount of obligation could have been used to renovate 250-300 thousand residual homes, whereas only 25 thousand homes were involved in partial renovations based on the HEM system in 2024.
Description of the measure	As the increase of the level of obligations elevates the demand for the HEMs is expected to rise accordingly. **HEMs can serve for financing of deep renovations in the case of residential homes, first of all in the case of condominiums, but also with municipal buildings.** Companies obliged, like MVM, or electricity/gas suppliers (DSOs), large building material manufacturers shall collaborate with actors like OSS or condominiums, municipalities in the frame of which HEMs achieved by implementing deep renovation measures, such as insulation or change of doors/windows are bought by the company obliged and the countervalue of the HEM is given to the actor implementing the

	renovation to cover a part of his cost of renovation. Key stakeholders, like MVM and MEKH have expressed their willingness to participate in collaborations in using HEMs in financing deep renovations. It is in the interest of condominiums to elaborate methods and ways of using HEMs in financing their deep renovation, based on further analysis. Energy advisors, NGOs, OSS can help in this respect.
Affected sector(s)	
Target group of the measure	**Mainly Private Sector:** companies operating in Hungary as well as homeowners and condominiums by lowering effective investment costs and thereby improving the financing conditions for deep renovation projects.
Stakeholders to implement the measure	**Private and Public Sector:** Government- keeping/raising the level of obligations Hungarian Energy and Public Utility Regulatory Authority Companies and organisations obliged HUPX electricity exchange Intermediary market actors like energy consultants, NGOs, OSS, Condominiums and homeowners, their associations, Municipalities
Involved stakeholder groups	Government/ministries Hungarian Energy and Public Utility Regulatory Authority Companies and organisations obliged Intermediary market actors like energy consultants, NGOs, OSS, Condominiums and homeowners, their associations, Municipalities
Added value of implementing the measure	The use of HEMS in financing deep renovations contributes: **Socially**, renovations become more affordable. If the scheme operates in a reliable way for many years, its predictability will encourage more and more homeowners and condominiums to enter into deep renovations. **Economically**, the use of HEMS will effectively lower the costs of investments for condominiums and homeowners therefore renovations will be more affordable. It will also boost the construction/building material industry by maintaining a steady demand for their products and services. **Environmentally**, targeted incentives make high-impact measures—such as thermal insulation, renewable heating systems and PV installations—more attractive, maximizing CO_2 reduction per euro invested.
Timeline for implementation	

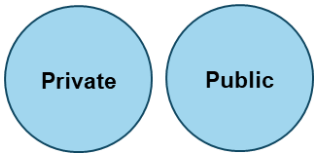
Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	Implementation can be monitored and overseen by the Hungarian Energy and Public Utility Regulatory Authority, MEKH, with whom HEMs must be registered.

6.2.3 Awareness And Knowledge Transfer Area

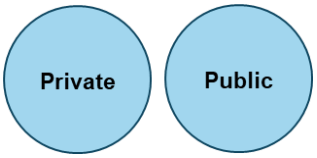
Awareness & Knowledge Transfer Area	3.1 Education of condominium management as a profession and building renovation in architecture
	3.2 Facilitate/support renovations by public databases
	3.3 Implementation of renovation roadmaps and passports
	3.4 Promotion of real-time energy consumption monitoring and visualisation platforms
	3.5 Targeted Public Awareness Raising

Table 4: Proposed measures of the awareness & knowledge transfer area

3.1 Education of condominium management as a profession and building renovation in architecture (capacity building)	
Initial situation	Condominium management, as a profession has emerged in Hungary in recent years only. The economic environment in which condominiums operate has become much more complex with regard to legal regulations, obligations or renovation needs. Both operational costs of a condominium and repair/renovation costs have considerably increased due to the high inflation. Homeowners in a condominium are usually of very different social background with different financial positions, different goals in life. A unique situation is therefore created by the way condominiums operate, make their decisions and their legal status which is rather complex to manage. On top of that condominiums are usually managed with the short-term view only, i.e. annual operating budgets are approved and annual operative plans managed. As a consequence, **condominium management today is not a simple administrative function anymore, but it requires a number of skills and well-established knowledge** in a number of fields, like financing, building maintenance and fields of construction, etc. Condominium managers should be able to run meetings of homeowners, manage decision-making processes, argue and negotiate about what is necessary to be done, etc. Up till now a three-month long training is available for those who choose to become a condominium manager, with no specific degree or education required beforehand.
Description of the measure	**Capacity building in condominium management** has become an important issue. It has become imperative that **condominium management be realized as a profession** and condominium managers be **professionally trained.** The capacity building should be based on a dedicated training programme which should incorporate all important skills and give a good knowledge base in the fields of financials (operative and long-term planning, dealing with banks), legislative issues, technical issues (maintenance, improvement, renovation, energy management). It is very important to develop the future condominium managers´ skills in

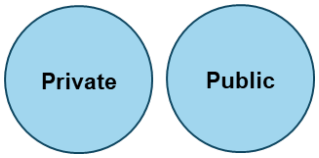
	communication, negotiation, running meetings and how to help the decision-making process. The training should be long enough to include all the above topics (one to two years) and its outcome should be a professional certificate. The Hungarian Chamber of Commerce or its affiliate, the Budapest Chamber of Commerce is an authorized organisation who can deliver professional trainings, this is one of the organisations suitable to implement it.
Affected sector(s)	
Target group of the measure	**Mainly Private sector**: Condominium managers (private persons) either working privately or in condominium management companies.
Stakeholders to implement the measure	Private and Public Sector: Organisations dealing with professional trainings, like the Hungarian Chamber of Commerce and Industry, Hungarian Chamber of Engineers Universities and higher education organisations Condominium management companies
Involved stakeholder groups	Organisations dealing with professional trainings, like the Hungarian Chamber of Commerce and Industry, Hungarian Chamber of Engineers Universities and higher education organisations Condominium management companies
Added value of implementing the measure	The measure contributes: **Socially:** By incorporating the long-term perspective in condominium management both homeowners and the condominiums themselves can make more rational decisions. **Economically:** Condominium management improves, homeowners can have a better picture on how their home building is operated, what necessities they face in the future. This enables more responsible and rational planning and decision-making. **Environmentally:** Renovations reduce energy use and CO_2 emissions. Higher renovation rates accelerate progress toward a climate-neutral building stock. Renovation Passes prioritize measures with the greatest energy and CO_2 impact first, enabling the highest ecological benefits and facilitating national monitoring of energy and emission targets (National Energy and Climate Plan, EPBD).
Timeline for implementation	

Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	The implementation of capacity building in condominium management can be tracked by the professional organisations that will implement the training by reporting the necessary statistics on the training (number of participants, number of certificates given, etc).

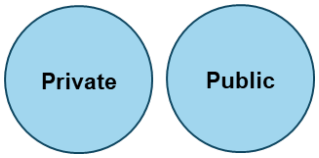
3.2 Facilitate/support renovations by public databases	
Initial situation	**Energy certificates are compulsory in Hungary if a property is sold**. The energy certificates issued are registered and kept in the Lechner Knowledge Center. It would be imperative that the data included in these certificates be used for statistical purposes. Banks for instance, should be able to use them for making relevant benchmarks in risk analysis. However, the data in the Lechner are not fully available publicly. Another usual barrier in planning deep renovations, especially staged renovations, is that there is no large-scale, reliable technical dataset available publicly on relating to renovations, for example what is the impact of a specific renovation measure.
Description of the measure	**Set up a reliable building energy efficiency database** on the basis of the system developed by Lechner Knowledge Centre in association with universities and research centres. The existing database (energy certificates) must be interlinked with the Renovation Passport system (Measure 3.3) and the proposed monitoring data (Measure 3.4). **The database must provide a public, anonymized benchmark function**, where owners and banks can see the typical costs and expected savings for a renovation of a specific building type (e.g., "Kádár-cube," "panel building"). This reduces the banks' risk perception and increases owners' confidence.
Affected sector(s)	
Target group of the measure	**Mainly Private sector**: Engineers, construction industry experts and contractors, condominium managers **Public sector:** Technical staff of municipalities, public buildings
Stakeholders to implement the measure	Government, ministries Universities and research centres Architects and engineering companies Hungarian Banking Association
Involved stakeholder groups	Construction companies, Chamber of engineers, Building associations, Commercial banks, the Central Bank of Hungary, Government, ministries and governmental agencies NGOs

Added value of implementing the measure	The measure contributes: **Socially:** Condominium management improves. By incorporating the long-term perspective in condominium management both homeowners and the condominiums themselves can make more rational decisions. **Economically:** Condominium management improves, homeowners can have a better picture on how their home building is operated, what necessities they face in the future. This enables better more responsible and rational planning and decision-making. **Environmentally:** Renovations reduce energy use and CO_2 emissions. Higher renovation rates accelerate progress toward a climate-neutral building stock. Renovation Passes prioritize measures with the greatest energy and CO_2 impact first, enabling the highest ecological benefits and facilitating national monitoring of energy and emission targets (National Energy and Climate Plan, EPBD).
Timeline for implementation	
Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	The implementation of data accessibility can be best monitored by the level of public accessibility of the relevant data. The present institutional fragmentation can be overcome by assigning one institution with the responsibility of overseeing the process of data gathering and using the data collected. This institution could be responsible for providing the relevant statistics as well.

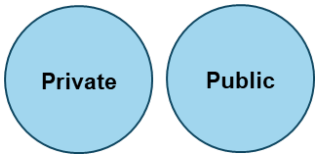
3.3 Implementation of renovation roadmaps and passports	
Initial situation	**Renovation Passport Guidelines** need to be published, based on **EU Directive (EU) 2024/1275**. The guidelines will need to provide a structured framework for the content and design of a renovation passport including the following elements: documentation of current energy consumption, development of multi-step renovation roadmaps toward net-zero-emission buildings (NZEB), recommendations for the optimum sequence of measures and guidance on available subsidies, technical consulting and climate data. A **comprehensive nationwide rollout** will need to be achieved. Full implementation requires digital infrastructure, advisory systems (e.g. OSS) and integration into funding decision making and building registries.
Description of the measure	• **Renovation Roadmap** to provide a multi-step, long-term energy retrofit plan tailored to each building, specifying measure sequencing (e.g. insulation → windows → heating → PV), costs and expected energy savings. • **Official Renovation Passport** to document the current building status (energy certificate, CO_2 emissions, renovation needs) and links it to the roadmap; intended as a **tool for funding, financing and monitoring**. • **Regulatory integration**: Incorporate the Renovation Passport into building codes with standardized content (energy performance indicators, cost-benefit analysis) and alignment with EU EPBD requirements and the National Building Renovation Plan. • **Funding incentives** i.e. subsidies linked to Renovation Passports; integrated financing models combining bank loans and grants based on the roadmap; special funds to cover costs of renovation passports for private owners, condominium associations and municipalities. • **Digital infrastructure**: Establish a separate platform or incorporate into the building registry Renovation Passports and provide access to owners, banks and funding agencies. • **Professional capacity building** to train energy consultants, architects and other professionals on standardized renovation roadmaps. • **Pilot programs** to launch across the country in order to generate practical experience and showcase best practices. • **Integration into One-Stop-Shops**: Combine advice, roadmap and financing in a single service, facilitating practical implementation. (Measure 1.4.) • **Communication & engagement**: Campaigns to raise awareness (“Roadmap to a climate-neutral home”), low-threshold online tools (quick checks) and engagement of condominium associations and property managers. (Measure 3.1.)

	• **Cooperation with banks**: Use the Renovation Passport as a basis for credit decisions to link financial instruments directly with renovation plans.
Affected sector(s)	
Target group of the measure	**Mainly Private sector:** small investors, homeowners, homeowner associations, property developers, as well as municipalities can use renovation passports and renovation roadmaps for guidance and access to financing and subsidies.
Stakeholders to implement the measure	Private and Public Sector: Governments need to adapt regulations and funding; standards in building codes, energy agencies & consultants need to implement roadmaps and passports, banks & funding agencies need to offer financing and the construction industry needs to realise renovations as provided.
Involved stakeholder groups	Homeowner associations, building associations, commercial banks, government ministries, Central Bank of Hungary, association of municipalities, NGOs
Added value of implementing the measure	The measure contributes: **Socially:** Renovations become more affordable and accessible, with transparent cost-sharing and clear guidance reducing barriers of implementation. Staged measures allow owners to plan and execute renovations in manageable steps. In condominium associations, fair cost allocation is ensured because all owners have a shared, transparent basis for decisions. **Economically:** Binding renovation roadmaps increase the likelihood of actual implementation by making financing, subsidies and technical planning more predictable. Owners and banks gain a reliable basis for investment decisions, building trust and investment security. **Environmentally:** Renovations reduce energy use and CO_2 emissions. Higher renovation rates accelerate progress toward a climate-neutral building stock. Renovation Passes prioritize measures with the greatest energy and CO_2 impact first, enabling the highest ecological benefits and facilitating national monitoring of energy and emission targets (National Energy and Climate Plan, EPBD).
Timeline for implementation	

Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	The implementation of Renovation Passport measures can be tracked using a combination of quantitative, qualitative and structural indicators. Key quantitative indicators include the number of issued passports, implemented renovation measures, estimated energy and CO_2 savings, uptake of funding and financing, digital platform usage and participation in pilot programs and One-Stop-Shops. Qualitative indicators cover satisfaction and acceptance among owners, condominium associations, banks and consultants, as well as media visibility, social media engagement and feedback from pilot projects. Regional institutions and energy agencies can be used to monitor the implementation of the above-described measure.

3.4 Promotion of real-time energy consumption monitoring and visualisation platforms	
Initial situation	Currently, **energy savings from renovations are *estimated*** (based on energy certificates), not *measured* in real-time. Homeowners and condominium managers do not see the immediate, tangible results of their investment or behavioural changes. Financial institutions lack reliable, measured post-renovation data to accurately de-risk green loans and other financial products; they must rely on pre-renovation estimates. This "invisibility" of savings creates a missing feedback loop, reducing motivation for further investment and behavioural change. Furthermore, while the Energy Efficiency Obligation System (HEM) relies on verified savings, this data is not typically visualized or made accessible to the end-user in a motivating way.
Description of the measure	The measure aims to **support the nationwide development and rollout of smart metering solutions linked to user-friendly digital platforms** (e.g., mobile applications, web dashboards). These platforms must provide clear, simple and real-time visualization of energy consumption, ideally benchmarking pre- and post-renovation performance. A key component is ensuring these systems are interoperable and can provide standardized, anonymized data to the national database (Measure 3.2), financial institutions (Measure 2.1) and One-Stop-Shops (Measure 1.4), creating a data-driven renovation ecosystem.
Affected sector(s)	
Target group of the measure	**Primary:** Homeowners, condominiums (and their managers) and municipalities (for their public building stock). **Secondary:** Commercial banks and financial institutions (for data-driven risk assessment), Energy Service Companies (ESCOs) and obliged parties under the HEM system (for verified savings data).
Stakeholders to implement the measure	Government/Ministries (e.g., Ministry of Energy, Ministry for National Economy) to create the legal and incentive framework. Energy utility companies / Distribution System Operators (DSOs) as owners and operators of the metering infrastructure. Technology companies (PropTech, software developers) for creating the user-facing platforms and applications. One-Stop-Shops (OSS) as the primary promoters and integration points for homeowners.
Involved stakeholder groups	Government/Ministries Hungarian Energy and Public Utility Regulatory Authority (MEKH) Commercial banks and the Hungarian Banking Association Homeowners, Condominiums and their associations One-Stop-Shops (OSS), energy advisors, NGOs Utility companies (DSOs) and IT/PropertyTechnology companies

Added value of implementing the measure	The measure contributes: **Socially:** Empowers homeowners by making savings tangible and visible. This increases user engagement, satisfaction and trust in renovation measures. It provides a direct feedback loop that encourages conscious energy-saving behaviours. **Economically:** De-risks green investments for banks by replacing estimates with verified, measured data. It creates the foundation for new "Pay-for-Performance" financing models. It also provides reliable data for the HEM system, potentially creating a new revenue stream for homeowners who verifiably save energy. **Environmentally:** Allows for the accurate, real-world measurement of CO2 reductions, moving beyond estimations. The immediate feedback loop encourages deeper and more persistent energy savings and improved data facilitates more accurate national monitoring of climate goals.
Timeline for implementation	
Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	Key indicators: Number of buildings (residential and public) equipped with smart meters and connected to visualization platforms. Uptake metrics and user engagement feedback reported by OSS. Reports from the Hungarian Banking Association on the utilization of measured data in new green loan products. Volume of measured energy savings reported to the national database (Measure 3.2) to the Hungarian Energy and Public Utility Regulatory Authority (MEKH).

3.5 Targeted Public Awareness Raising	
Initial situation	There is **low public awareness regarding the benefits of deep renovation** versus obsolete, partial interventions. Owners' decisions are often driven by short-term costs rather than long-term benefits (comfort, health, property value). A lack of trust and reliable information sources leads to the "lock-in" effect: poorly chosen partial renovations (e.g., only window replacement) make subsequent, complex interventions for genuine energy savings more difficult or expensive. The willingness to renovate is low and owners are often unaware of available support (Measure 2.1) and advisory (Measure 1.4) mechanisms.
Description of the measure	Launch a continuous, multi-channel (national TV, online media, social media, local press) national communication campaign. The campaign's goal is to promote deep renovation and staged renovation (Measure 3.3). The campaign must focus on the following messages: • **Comfort and Health:** Renovation as an investment in quality of life (mould-free, better indoor climate, thermal comfort). • **Property Value:** The higher market value of a renovated property. • **Cost Savings and Security:** Predictable, low utility bills and reduced energy dependency. The campaign must actively combat myths that lead to the "lock-in" effect and must include a clear "call to action," directing interested parties to the One-Stop-Shop (OSS) network (Measure 1.4) and available financial products (Measure 2.1).
Affected sector(s)	
Target group of the measure	**The general public,** with a special focus on residential property owners (family houses and condominium apartments). **Condominium managers** and common representatives (as key multipliers). **Municipalities** (as owners of public building stock and local community influencers).
Stakeholders to implement the measure	The Government (e.g., Ministry of Energy or a designated background institution/communication agency) for central coordination and funding of the campaign. The One-Stop-Shop (OSS) network (Measure 1.4), serving as the local "face" and implementation point of the campaign.
Involved stakeholder groups	Government/Ministries One-Stop-Shops (OSS) Municipalities and their associations Professional chambers (e.g., Hungarian Chamber of Engineers, Chamber of Hungarian Architects)

	NGOs Commercial banks and the Hungarian Banking Association (as stakeholders in promoting financial products) Media (national and local) Construction industry and building material manufacturer associations
Added value of implementing the measure	The measure contributes: **Socially:** Increases public trust in the renovation process. It educates owners to make better long-term decisions, avoiding the "lock-in" effect. It creates social demand for quality, deep renovations and builds acceptance for the new institutional system (OSS). **Economically:** Generates demand for quality renovations and new financial products (Measure 2.1). It provides a stable and predictable order backlog for the construction industry. It steers public interest towards effective (deep, staged) solutions instead of partial, inefficient interventions. **Environmentally:** By increasing demand for deep renovations, it accelerates the reduction of the building stock's energy consumption and CO2 emissions, thereby contributing to achieving national and EU climate goals.
Timeline for implementation	
Current level of awareness of decision makers, mainly based on political agenda	
Monitoring of the implementation process	Measurement of website traffic statistics for the campaign's central webpage and the OSS portals. The number of inquiries (expressions of interest) received by the OSS network (Measure 1.4). Measurement of the campaign's media publicity and reach (e.g., social media reach, press clippings). Public opinion surveys (pre- and post-campaign) to measure renovation willingness, awareness and recognition of key messages (e.g., "deep renovation," "OSS").

6.3 Overview of Measure Implementation

The table provides a **structured overview of all proposed Action Plan measures** (see subchapter 6.2) and illustrates the **roles and level of involvement of key stakeholder groups** in their implementation. For each measure, the table indicates which actors are expected to play a leading, supporting or contributory role, highlighting the **multi-actor nature and interdependence** of the proposed actions. This overview underlines that successful implementation cannot be achieved by a single institution alone, but requires **coordinated cooperation across public authorities, financial institutions, market actors, professional bodies and civil society**.

To support interpretation, the table visualises the **relative interest and influence of stakeholder groups** using a four-level scale:

- **- -** (low interest, low influence),
- **+ -** (high interest, low influence),
- **- +** (low interest, high influence),
- **+ +** (high interest, high influence),

If the stakeholder-Group is not relevant for the objective the cell remains empty.

For example, a "**+ +**" rating for a given stakeholder group indicates that the actor has both **high interest in the successful implementation of the measure and a high level of influence** over its delivery, suggesting a key role in implementation and decision-making. By contrast, a "**+ -**" rating signals **high interest but limited influence**, indicating stakeholders who should be closely engaged and supported, but who may not be able to drive implementation on their own.

In addition, the table indicates the **current level of awareness and implementation readiness** through a three colour-coded system:

- = low awareness and little action taken or scheduled,
- = high awareness and little action taken or scheduled and
- = high awareness and many action taken or scheduled.

Each measure is also linked to an **indicative timeline for implementation**, providing a practical basis for prioritisation, sequencing and targeted stakeholder engagement during the implementation phase.

Action Plan Measures	Government, Ministries	Municipalities	Commercial Banks	ESCO & EPC Providers	Condominium Managers	Homeowners	Chamber of Engineers	One Stop Shops	Property Developers	Construction Companies	Universities, Training centres	NGOs	Utility Companies	Timeline of Implementation	Current level of Awareness of decision makers
1.1: Enable municipalities to participate in EPC-type mechanisms	- +	+ -	+ -	+ -									- +	2030	
1.2: Adjust the law on condominiums	- +				+ -	+ -	- -	+ -						2030	
1.3: Enable condominiums to decrease/reclaim VAT	- +				+ -	+ -	- -		- -	+ -				2030	
1.4: Establish nationwide or regional One-Stop-Shops	- +	+ -			+ -	+ -	- -	+ -	+ -			+ -		2027	
1.5: Make property renovation more attractive to investors	- +	- -				+ -	+ -		- +	+ -				2027	
1.6: Integrate circular economy and nature-based solutions into building renovation regulations		- -					- -				+ -	- +	+ -	2027	

2.1: Launching a long-term financing mechanism combining subsidies and private finance for deep renovation, open for every homeowner, focused on energy savings	- +		- +			+ -		+ -		+ -				2030	
2.2: Framework for financing staged or serial renovations	- +		+ -			+ -		+ -		+ -				2030	
2.3: Extend the duration of the interest rate subsidy of the existing condominium financing scheme from 10 to 15 years	- +		+ -		+ -	+ -				+ -				2030	
2.4: Use of energy savings obligations (HEM) in the financing of deep renovations	+ +	+ -		+ -	+ -	+ -		+ -		+ -			+ -	2030	
3.1 Education of condominium management as a profession and building renovation in architecture					+ -	+ -	+ -	+ -			- +			2030	
3.2 Facilitate/support renovations by public databases	+ +	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -	+ -		2030	
3.3 Introduce renovation roadmaps and passports	+ -	+ -	+ -	+ -	+ -	+ -	+ -			+ -	+ -	+ -		2030	
3.4 Promotion of real-time energy consumption monitoring and visualisation platforms	- +	+ -	+ -	+ -	+ -	+ -		+ -				+ -	+ -	2030	
3.5 Targeted Public Awareness Raising	+ -	+ -	+ -				+ -	+ -		- -				2030	

Table 5: Stakeholder interest to implement the Action Plan

7 CONCLUDING REMARKS AND RECOMMENDATIONS

This Action Plan has been **developed within the framework of the RENOINVEST project** as a recommendation-based, non-governmental document, reflecting the outcomes of extensive stakeholder consultations and expert exchanges. Its purpose is to respond to the structural and financial barriers currently limiting the scale and pace of building renovation in Hungary, with a particular focus on financing conditions. The action plan proposes a total of **fifteen interrelated measures**, structured around three complementary areas—legislative framework, financing mechanisms, and awareness and knowledge transfer—which together aim to address the systemic challenges identified by stakeholders. The measures set out in this document are intended to provide a practical pathway for improving investment conditions and are not binding commitments, but policy-oriented recommendations designed to support implementation by relevant actors.

Hungary has not yet established a nationwide funding mechanism for residential deep renovation accessible to all homeowners. Although several subsidised programmes have supported home acquisition or renovations, mainly for families with children or residents of smaller settlements, these were only temporary and geographically limited. Stand-alone, *ad hoc* support programmes are not sufficient to trigger stable investment decisions. **Stakeholders are more likely to act when the policy trajectory is transparent in the long term, and when the trust and financing conditions required for complex renovations are institutionally supported**.

The condominium sector manages a significant share of national wealth, yet much of the building stock effectively entered this responsibility without capitalisation. This historical legacy is still evident today in weak reserve accumulation and short-term decision-making practices. Public building renovations still rely primarily on grants, with limited private capital involvement, coupled with the short-term logic of the task-based, annual cycle financing mechanism of the municipalities. This is particularly evident in the lack of ESCO/EPC type solutions for deep renovation.

As climate protection still holds low social and political priority, **long-term commitment to comprehensive renovation policies is imperative.** The Action Plan recommendations are, therefore, built around an interrelated three-pillar approach made of the necessary legislative changes, the creation of a long-term, stable financing framework and the creation of a mix of supporting measures, including making available the necessary information – transparent data – to support more responsible decision-making.

As an overall measure, **the creation of a long-term, predictable, stable financing scheme for energy efficient renovation of homes, available to every homeowner, is an imperative**. Grants should be efficiently combined with private funds like own resources of homeowners and commercial loans, targeting well defined goals in energy savings. Home-owner saving schemes should be given more emphasis also in relation to staged renovations. **The long-term financial framework is to be built on clear institutional collaboration and responsibilities** including government agencies, the Central Bank of Hungary, the Hungarian Development Bank, commercial banks and insurance companies and their associations.

For public buildings and the municipalities meaningful market development depends also on predictable, transparent legal and institutional framework for multi-year commitments and on **ESCO/EPC models being treated as regulated, viable mainstream pathway to large-scale renovations.**

Public awareness for energy efficient renovations should be considerably raised, also by the recommended legislative changes. **One-Stop-Shops** and other organisational assistance should be launched and strengthened to facilitate decision making on and implementation of renovations.

The fragmentation of consumption, renovation and verified savings data makes it difficult to build a standardised and bankable project pipeline in each segment. Risk perceptions of financiers and homeowners should, therefore, be lowered **by making anonymized benchmark data available**. Training programmes for condominium managers and capacity building in municipalities can help in awareness raising for energy efficient deep renovations.

The **endorsement and implementation** of the proposed measures represent the next critical step following the completion of this Action Plan. Effective delivery will depend on the **active cooperation of a broad range of stakeholders**, including public authorities, municipalities, financial institutions, professional organisations, market actors and civil society, as each measure requires coordinated action across institutional and sectoral boundaries. In this context, the Hungarian Action Plan is intended to serve as a reference framework for future policy dialogue and implementation, including as a potential input to the ongoing and future work of **the Hungarian Energy Efficiency Financing Coalition (EEFC**). Through such platforms, the recommendations may be further refined, prioritised and taken up by relevant actors, supporting the gradual establishment of a coherent, long-term renovation financing ecosystem in Hungary and facilitating the translation of stakeholder-driven proposals into concrete action.

8 GLOSSARY

Abbreviation	Long Version (English)	Long Version (Original Language)
BIM	Building Information Modelling	
CAPEX	Capital Expenditure	Beruházási költség
CCIS	Chamber of Commerce and Industry of Slovenia	Gospodarska zbornica Slovenije
DSO	Distribution System Operators	
EED	Energy Efficiency Directive	Energiahatékonysági Irányelv
EEEFC	European Energy Efficiency Financing Coalition	
EIB	European Investment Bank	Európai Beruházási Bank
EKR	Energy Efficiency Obligation Scheme	Energiahatékonysági Kötelezettségi Rendszer
ÉMI	ÉMI Non-profit limited liability company for quality control and innovation in building	Építésügyi Minőségellenőrző Innovációs Nonprofit Kft
EPBD	Energy Performance Building Directive	Épületek Energiahatékonyságáról szóló Irányelv
EPC	Energy Performance Contracting	
ESCO	Energy Saving Company	Energetikai szolgáltató vállalat
ESG	Environmental Social Governance	
EU	European Union	Európai Unió
HEM	Energy Savings Certificate (under the Energy Efficiency Obligation Scheme)	Hitelesített energia megtakarítás
HUF	Hungarian Forints	
HUPX	Hungarian Power Exchange	
IIBW	Institute for Real Estate, Construction and Housing Ltd.	Institut für Immobilien, Bauen und Wohnen GmbH
IT	Information Technology	Information Technology
KEHOP	Environment and Energy Efficiency Operational Programme	Környezeti és Energiahatékonysági Operatív Program
KTI	Institute for Transport Science and Quality Control in Building	
LTRS	Long-Term Renovation Strategy	Hosszú Távú Felújítási Stratégia
MEKH	Hungarian Energy and Public Utility Regulatory Authority	Magyar Energetikai és Közmű-szabályozási Hivatal

MVM	Hungarian Electricity Works Group	MVM Magyar Villamos Művek Zrt.
NbS/NBS	Nature-based Solutions	Természetalapú megoldások
NECP	National Energy and Climate Plan	Nemzeti Energia- és KlímaTerv
NGO	Non-Governmental Organisation	
NZEB	Nearly Zero-Energy Building	
OPEX	Operational Expenditure	Működtetési költség
OSS	One-Stop-Shop	Egyablakos szolgáltató
PPP	Public–Private Partnership	
PV	Photovoltaic system	
ROI	Return of Investment	
RRF	Recovery and Resilience Facility	
SECAP	Sustainable Energy and Climate Action Plan	
SME	Small and Medium-sized Enterprise	Kis- és közepes vállalkozás (KKV)
TOP	Territorial and Settlement Development Operational Programme	Terület- és Településfejlesztési Operatív Program
TWG	Thematic Working Group	Tematikus munkacsoport
VAT	Value Added Tax	Általános forgalmi adó (ÁFA)
ZAG	Slovenian National Building and Civil Engineering Institute	Zavod za gradbeništvo Slovenije

Table 6: Glossary table

RENOINVEST

sustainable renovation of buildings