

Housing cooperatives facing the energy transition. Insights from Poland and Czechia.

Jan Frankowski, Wojciech Bełch, Tomasz Świątlik, Nicol Stankova, Aleksandra Prusak, Joanna Mazurkiewicz, Jakub Sokołowski

The energy transition of multifamily buildings will be a critical public policy challenge over the next several years, especially in Central European countries. Housing cooperatives will play an essential role in this process. They have a unique experience in energy renovations and manage a significant share of the housing stock. The diversity of cooperatives in terms of their advancement in the energy transition has not been studied so far, which we decided to complement within the ENBLOC project.

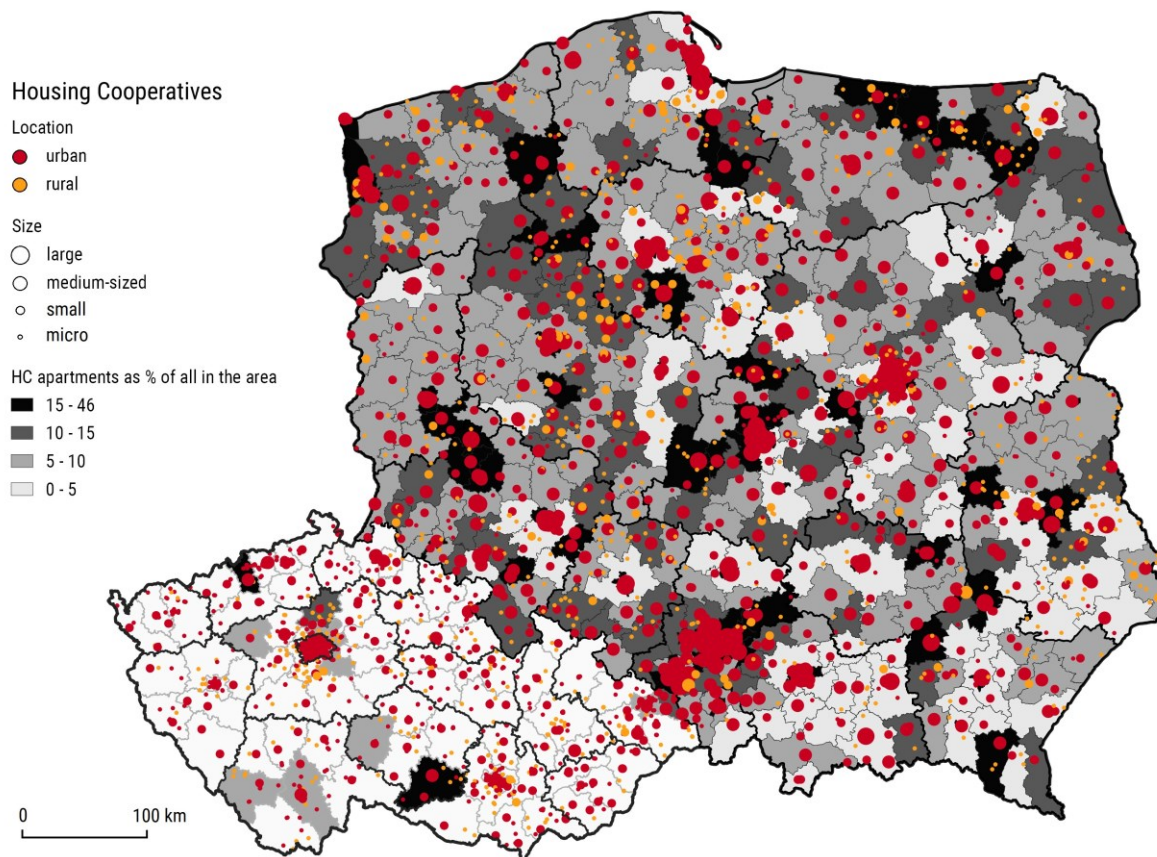
Residential buildings in Central Europe represent a diverse stock by age, condition and ownership. The need to reduce energy expenditures and emissions makes energy efficiency improvements and the use of renewable energy urgent. A significant percentage of the entities managing residential multi-family buildings are housing cooperatives. The way cooperatives operate is perceived as not democratic and transparent, which paradoxically may favour faster decision-making. Therefore, it is reasonable to ask how such institutions participate in the energy transition and assess their role in this process. However, before this question can be answered, it is necessary to identify the number and diversity of housing cooperatives.

Institute for Structural Research, in cooperation with Czech Technical University in Prague, conducted an in-depth analysis of administrative data concerning housing cooperatives in Poland and Czechia. For the first time, administrative data in the registers of the Central Statistical Office, the National Court Register, ministries and regulators were used on a full scale, which made it possible to systematise information on the number, size, age and location of housing cooperatives in both countries. The analyses were also complemented by a preliminary assessment of the support offered to housing cooperatives in energy efficiency and their vulnerability to the energy crisis.

The following conclusions were drawn from the analyses:

Polish and Czech housing cooperatives differ significantly. The cooperatives in Poland are large, and there are relatively few – about 3.5 thousand, while in the Czech Republic, there are 7.7 thousand such entities. Such a large number of Czech cooperatives is related to the fact that they are mainly single-building entities. The share of cooperative dwellings in the total housing stock in Poland remains five times higher (15% and 2.3 million apartments compared to 3% and 140 thousand apartments in the Czech Republic). In Poland, one in five cooperatives is located in rural areas, among which we can distinguish suburban, post-industrial and post-state collective farming ones. In the Czech Republic, cooperatives in rural areas are rare and most important in medium-sized post-industrial towns (Teplice, Most, Karviná).

Housing cooperatives in Poland possess a larger share of the housing stock than in Czechia.



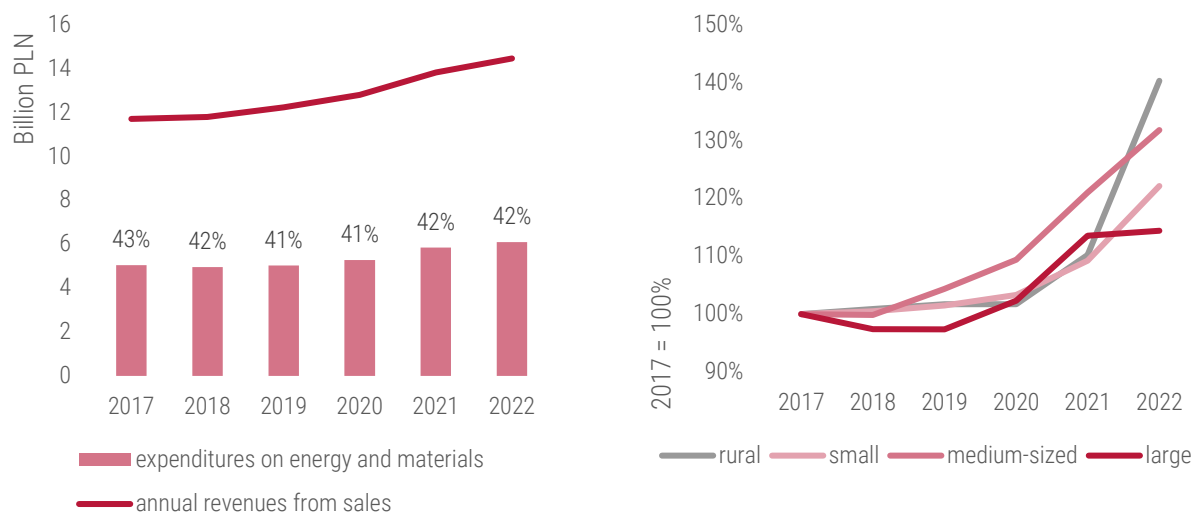
Source: own elaboration based on Polish and Czech administrative data.

The larger the cooperative, the greater the capacity for energy investments. Two out of three Polish housing cooperatives have benefited from various forms of public support. Over 15% of cooperatives have benefited from the thermo-modernisation premium, and around 5% from EU-funded investments or white certificates. These measures helped to improve energy efficiency, reduce emissions and generate savings. However, the environmental effects achieved have been less than in the case of municipal buildings or housing associations, mainly because the buildings owned by cooperatives have often previously undergone partial renovations, during which windows, doors or the facade were replaced or insulated. In Czechia, EU funds have so far subsidised nearly one in five cooperatives. Regional policy matters in this case: cooperatives in the coalfields were supported to the greatest extent: Mostecký and Ostrava-Karviná. In Poland, housing cooperatives have also benefited from preferential support under the Programme for Silesia and operational programmes distributed by the regional governments through grants or loans.

Polish housing cooperatives in large cities have avoided a drastic increase in energy expenditure in 2022 despite the energy price crisis. The average percentage of energy and materials expenditure referred to the revenues of Polish housing cooperatives has remained at just over 40% since 2017. The stable share of expenditures has been maintained because they have increased by around 20% since 2017 and general cooperative revenues by nearly 30%. Essential differences emerged, however, in the context of cooperative and city size. Rural cooperatives experienced a drastic increase in energy and materials expenditures in 2022, most likely due to the need to purchase coal for heating at a much higher price. In this case, the state-led shielding mechanism could have been the coal subsidies granted by the government to households. However, residents were not obliged to hand them over to the cooperative. By contrast, in large cities, where heating came from the district network, likely, the anti-inflation shield and the associated compensation for heating companies made it possible to keep housing cooperatives' energy expenditure in 2022 at a similar level to the previous year.

The relative share of energy and materials expenditure in Polish housing cooperatives has generally remained stable.

Unlike cooperatives in rural areas, Polish housing cooperatives in large cities have avoided a drastic increase in energy expenses.



Source: own elaboration based on Polish administrative data (Rejestr.io). Sample: n=1746.

The preliminary analyses show that the different structure of Polish and Czech housing cooperatives may affect their ability to respond to crises and attitudes towards energy transition. Larger housing cooperatives seem more resilient to the crisis and prepared for changes, mainly because they have more financial and organisational resources. In addition, they have probably managed to limit price increases thanks to state intervention. Czech housing cooperatives, due to their fragmentation, are more flexible and can adapt quickly to changing conditions. Even before the crisis, they often disconnected from

district heating networks and installed independent heating sources. This trend has now been halted. In both Poland and the Czech Republic, however, the effects of the drastic increase in energy prices are not without consequences. Housing cooperatives are becoming more active in seeking alternative solutions to strengthen energy independence, while at the same time, there are growing grassroots movements of protest by residents against increases, as well as resistance to specific technical solutions, such as installing heat allocation meters to reduce energy consumption. It may indicate that the energy transition in housing has both a technical character and a social dimension, revealed above all in crises.

This study contains only the first results of the analyses. In the following year, we will conduct field research on different types of housing cooperatives in Poland and the Czech Republic. We will look at adaptation strategies to rising energy prices and explore power relations and cooperation with external actors in the energy transition process.

Contact for media:

Katarzyna Olszewska-Kowalewska

Communication Manager

katarzyna.olszewska-kowalewska@ibs.org.pl

535 686 123