

Title of the measure:	LV 49 Municipal Initiatives for Multi-Apartment Buildings energy efficient renovation: Reduction of Property Tax Municipal programme to provide co-financing for energy efficient renovation (Riga city)
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General description

According Latvia taxation system, municipalities have rights to decide regarding reductions on immovable property (real estate) tax based on environmental, social and economical considerations.

Below few examples are illustrated regarding reduction of property tax to promote energy efficient renovation of **multi-apartment residential buildings**.

Riga city

Riga city Council has decided to apply 90% reduction on property tax in case of the heat insulation of all facades, or heat insulation of freely standing groups of premises (flats), if this insulation is performed for the existing multi-apartment building (after commissioning of the building), as stated by the Section 4.19 of the Riga city by-law "Order on Allowing Reductions in Property Tax" ("Nekustamā īpašuma nodokļa atvieglojumu piešķiršanas kārtība Rīgā") [1].

The given tax reduction are in force from 2014 and initially was applied for multi-apartment buildings insulated starting from 01.01.2014.

Important, the amendments adopted in 29 November 2016 (the Section 14³ of the given by-law) state that from 01.01.2017 this tax reduction applies also in case the multi-apartment building had been insulated before 01.01.2014 with condition that the building corresponds at least to the efficiency class "C", namely 60 - 80 kWh/m² /year for heating, proved by valid energy certificate.

The tax reduction period is (section 23.³ of the given by-law), if no municipal co-financing had been provided for the renovation of the multi-apartment building:

- 10 years (for buildings insulated from 01.01.2014),
- the validity period of energy certificate but not longer than 10 years (for buildings insulated before 01.01.2014),

Riga city has also its own programme to provide up to 50% co-financing for the renovation of the multi-apartment (at least 8 flats) buildings [see references [2]]. Important, the co-financing is provided only for those buildings in which flat owners has established flat owners society (as the instrument to motivate flat owners to self-organize).⁵

This is a new additional option, as the previously the support for the preparation of the technical documentation was available only. The Riga municipal programme for renovation of multi-apartment buildings has started in 2018. In May and June 2018 it has been signed total 11 contracts with total Riga city co-financing of ~ 183 thousand EUR¹. The programme continues – total 500 thousand EUR co-financing are allocated for the programme in year 2018².

¹ <https://www.riga.lv/lv/news/noslegti-jauni-ligumi-par-50-lidzfinansejumu-daudzdzivoklu-maju-renovacijai?13949>

² <http://www.rea.riga.lv/component/content/article?id=1185>



The multi-apartment buildings (at least 10 flats), in which the flat owners association is established to manage the building, will receive **90% reduction of property tax for 2 years**, to receive this tax reduction, the flat owner shall be declared in Riga city [Articles 4.24, 15¹ and 23⁴ of the Riga city by-law[1]]. Thus, this new provision (in force from 22 June 2018) relates also to the buildings in which energy efficiency improvement measures will be implemented within the framework of noted Riga city programme.

Sigulda municipality

According to municipal by-law No.25 (version on 14 October 2017, see in references [3]) increasing energy efficiency means insulation all facades, as well as insulation of the ceiling or roof of the multi-apartment buildings put into operation (Article 9.¹).

According the Article 20.¹ of the noted by-law, in the case of multi-apartment residential buildings where the **energy efficiency improvement measures have been implemented without municipality funding**, real estate tax exemption is granted to apartment owners:

- in the first year after the putting into operation - 90%;
- in the second year after the putting into operation - 70%;
- in the third year after the putting into operation - 50%.

The same tax exemption is granted in cases when the energy efficiency improvement measures in the multi-apartment buildings have been implemented in previous years, without municipal funding (Art. 20.²).

Interaction of measures

Energy certification of buildings, see the MURE database measure HOU-LV30.

References

1. **Riga city Council** by-law No 198 “Order on Allowing Reductions in Property Tax“ (*Rīgas domes saistošie noteikumi Nr.198 “Nekustamā īpašuma nodokļa atvieglojumu piešķiršanas kārtība Rīgā”*), adopted 18 December 2012, in force 24 January 2013, latest amendments 23 May 2018, in force 12 June 2018), <https://likumi.lv/doc.php?id=254268> (in Latvian)
2. **Riga city Council** by-law No 19 “Order according which Riga city municipality provides assistance for measures improving energy efficiency and renovation of multi-apartment buildings” (*Rīgas domes saistošie noteikumi Nr.19 “Par kārtību, kādā Rīgas pilsētas pašvaldība sniedz palīdzību energoefektivitātes pasākumu veikšanai dzīvojamā mājā un dzīvojamās mājas atjaunošanai*), adopted 15 December 2017, in force 29 December 2017, amendments 23 May 2018), <https://likumi.lv/ta/id/296138> (in Latvian)
3. **Sigulda municipality** by-law No.25 (2014) “On the application of the tax exemptions to real estate tax payers in Sigulda municipality” (“Par atvieglojumu piemērošanu nekustamā īpašuma nodokļa maksātājiem Siguldas novadā”), version in force on 14 October 2017, <https://www.sigulda.lv/public/lat/jaunumi/14555/>