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Building intErventions in vulNerable Districts against Energy poveRty

Poland's report on building renovation technical and economic barriers

Annex 4 to Deliverable 3.2 – Report on Building Renovation Technical and Economic barriers in 5 pilot countries and in CEE

WP3 Tackling the barriers hindering building related interventions in vulnerable districts

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POLAND

National Report on Building Renovation – Technical and Economic Barriers

1. Summary and Recommendations

Renovation activity in Poland has increased in recent years, driven by EU and national support schemes, particularly the "Clean Air" programme and Recovery and Resilience Facility (RRF) funding. Nevertheless, most projects are partial and shallow, with deep renovations that address both the building envelope and technical systems still uncommon. Financing difficulties, combined with labour shortages and market instability, remain the main barriers.

Between 2020 and 2023, construction costs increased by 36% [1], consumer prices by 28% [2], and labour costs by 34% [3]. At the same time, the EURIBOR rose from negative levels to over 4% by 2023 [4], undermining affordability and discouraging borrowing. Grant schemes cover a significant share of costs, but demand far exceeds supply, and private investment remains limited.

Key Recommendations:

1. **Implement a clear and consistent schedule for grant invitations** – this would help alleviate market uncertainty, reduce workload surges, and control renovation costs.
2. **Support a step-by-step renovation approach** – grants should be tied to a well-defined, economically planned outcome, easing financial burdens on homeowners.
3. **Offer paid technical support for buildings at risk of energy poverty** – enabling consultants to assist residents with the renovation process from start to finish.

In addition, creating a clear roadmap for homeowners on how to obtain grants and manage the renovation process could expand renovation budgets and maximise long-term savings. Sharing good examples and successful case studies would also encourage more homeowners to invest in deeper renovations.

2. Overview of the Renovation Landscape

Renovation in Poland is characterised by a dominance of partial measures, such as window and door replacement, façade insulation, and roof repairs. Deep renovations that include both building envelope and technical system upgrades are less frequent, largely due to high upfront costs and limited financing options. Heating system replacements often involve switching from coal boilers to gas or heat pumps, supported by targeted subsidy schemes, but comprehensive packages remain rare.

The average cost of deep renovation is estimated at 500–600 €/m² (expert input 2024). Between 2020 and 2023, construction costs grew by 36% [1], while consumer prices rose by 28% [2] and labour costs by 34% [3]. At the same time, the EURIBOR increased from negative levels to above 4% [4], which significantly raised borrowing costs. As a result, households overwhelmingly rely on grants or personal savings, with loans playing only a minor role.

Grant programmes such as "Clean Air" and the RRF support schemes cover a substantial share of renovation costs (30–70%), but application processes are often complex, and administrative capacity varies between municipalities. Calls are frequently oversubscribed, leaving many eligible applicants without support. This creates uncertainty and contributes to market instability.

Regional disparities are notable: in larger cities and wealthier municipalities, renovation activity is more dynamic, while in smaller towns and rural areas, low property values and weak local administrative capacity reduce feasibility. Contractors also prefer urban markets with higher returns, leaving many rural areas underserved.

3. Homeowner Motivation in Multi-Apartment Buildings

In Poland, renovation decisions are primarily driven by financial incentives and technical necessity. Homeowners and associations are more likely to act when generous grants are available or when technical failures require urgent repair. The main motivators for homeowners were:

- Availability of grants,
- Reduction of monthly living costs,
- Energy savings,
- Repair of poor and failing systems (electrical, water, heating, sewage),
- Poor and dangerous structural conditions (roofs, balconies, load-bearing structures),
- Aesthetics of the building,
- Poor living conditions that do not correspond to today's standards.

Other potential motivators, such as the reduction of greenhouse gas emissions, indoor climate improvements, and increasing real estate value, were not prioritised by experts.

In practice, most renovation projects occur reactively — either when technical systems fail or when substantial grants are available. While aesthetics and comfort play some role, the dominant drivers remain subsidies, safety, and affordability. Climate goals and long-term value considerations remain secondary.

4. Barriers to Renovation

Financial situation

Financing remains the most critical barrier. Despite significant subsidies, many homeowners struggle to cover co-financing requirements, particularly in rural areas where property values are low and households cannot secure loans. Banks perceive renovation projects as high-risk due to limited collateral value, and the rise in Euribor [4] further increased borrowing costs. As a result, many associations depend almost entirely on grants. The competition for funds is intense, with oversubscribed calls leaving many projects unsupported.

Barriers not prioritised: Experts agreed that while innovative financial instruments exist in theory, the central challenge is the inaccessibility of standard loans and the unpredictability of grants. Awareness of grants was not considered a barrier, since information is widely disseminated through national programmes.

Market situation

The Polish renovation market is fragmented and unstable. Oversubscribed grant calls create short-lived peaks of activity followed by stagnation. Contractors are reluctant to commit to long-term engagement, since demand fluctuates based on subsidy availability. This has discouraged smaller firms from entering the market, while larger ones concentrate in high-demand urban centres. The uneven distribution of renovation companies leaves smaller towns and rural areas underserved.

Barriers not prioritised: Although support systems and good practice examples exist, they were not seen as decisive bottlenecks. The issue is more about limited capacity — too few consultants and support organisations relative to demand — rather than the complete absence of such structures.

Technical situation

Experts identified the most acute bottlenecks in the availability of specialised designers (e.g., HVAC, electrical, structural), the limited number of construction companies performing complex renovations, and a shortage of supervisors with relevant renovation experience. These constraints reduce both the pace and quality of renovation projects, especially during periods of peak demand, when the limited pool of qualified experts becomes quickly overwhelmed.

Barriers not prioritised: General designers, consultants, and skilled on-site workers were listed in the survey, but not selected as critical obstacles. While relevant in other countries, in Poland these were considered secondary compared to shortages of specialised designers, renovation companies, and supervisors.

Other/social factors

Households are strongly dependent on subsidies and reluctant to take loans, given income levels and perceived repayment risks. Energy savings are often overshadowed by loan costs, which lowers enthusiasm for deep renovation. Aesthetics and property value were acknowledged but not decisive.

Barriers not prioritised: Innovative technological and financial solutions were mentioned in the survey but were not prioritised by experts. The main challenge lies not in missing technologies, but in whether households can afford to use them.

5. Energy Poverty Context

Energy poverty is legally defined in Poland under the Energy Law Act, which relies on the subsistence benefit mechanism within the Social Welfare Act. This framework considers essential expenses—including heating, gas, and electricity—when determining eligibility for social assistance. However, there are no dedicated renovation schemes targeted specifically at energy-poor households.

In 2024, the government introduced the "Energy Coupon" (Bon Energetyczny), a short-term subsidy aimed at relieving energy bill burdens for energy-poor households, including those in multi-apartment buildings. While this helps address affordability, it does not offer support for renovation or energy-efficiency improvements, meaning that the structural drivers of energy poverty remain unaddressed.

6. Background and Methodology

The findings in this report are based on expert assessments collected in Spring 2024 through a structured questionnaire. Responses were analysed to identify the most relevant barriers and motivators, with results validated and summarised by Polish experts and consolidated by the Tartu Regional Energy Agency (TREA) in November 2024.

This national report forms part of Deliverable 3.2 – *Report on Building Renovation Technical and Economic Barriers in five pilot countries and in Central and Eastern Europe (CEE)*, prepared within the CEESEN-BENDER project. CEE-level report compares findings across all pilot countries, highlighting similarities and differences in renovation practices, barriers, and the policy context.

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