Budapest CARES

Climate Agency for Renovation of homES

BUDAPEST, HUNGARY

Emissions domains addressed by the Pilot Activity

Consumption of non-electricity energy for thermal uses in buildings & facilities

Consumption of electricity generated for buildings, facilities & infrastructure

Key Focus Areas

Energy poverty | Climate Agency | Super ESCO | Home renovation | Just transition | Condominium renovation | One-stop shop

Levers of Change

Democracy and participation | Financing and funding | Governance and policy | Learning and capabilities | Social innovation | Technology/infrastructure

Description of the Pilot Activity

Budapest faces a dual housing challenge: an ageing, largely privatised building stock and widespread energy poverty, compounded by limited national support and constrained municipal capacity. Budapest CARES established the Climate Agency as a one-stop shop connecting finance, technical expertise, and inclusive planning—designed to catalyse large-scale condominium renovation with a strong focus on affordability, citizen engagement, and replicability for other Central and Eastern European cities.

Impact & Results

The Budapest Climate Agency was created as an innovative one-stop shop model managing the capital's efforts to renovate housing stock—from planning programmes to identifying financing opportunities, developing financing solutions, and providing technical assistance.

The Green Panel Programme launched as a novel grant-based support scheme integrating bankability criteria and pre-application advisory services. A unique co-financing agreement between the City and five district municipalities created shared financial and political ownership—the first in Hungary. By mid-2025, 10 of 23 districts committed to participate, far exceeding expectations. The programme sparked a snowball effect, with public demand creating pressure on non-participating districts.

The programme opened a new market for condominium renovation loans. By integrating bankability into grant design and reducing risk for lenders, it began attracting commercial banks into a field where they had little prior involvement. Budapest's residential buildings' GHG emissions are targeted to be reduced by one-third by 2030. A comprehensive energy poverty model was designed to replace outdated heating systems for low-income households, combining technical upgrades with social support such as NGO outreach and temporary relocation during renovations.

Innovation Highlights

Midway through the project, a shift in the municipal assembly created significant uncertainty. The transition team ensured continuity by reallocating responsibility to the Budapest Utilities Company—an institution better insulated from political interference. This demonstrated that building multisectoral resilience is as critical as financial or technical innovation.

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