

Renovation strategy – addressing the barriers to deep renovation



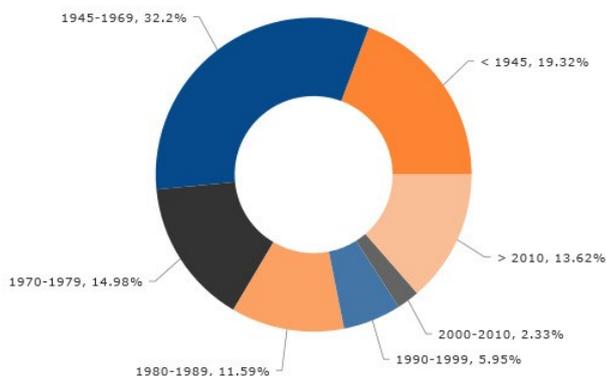
The second renovation strategy for Bulgaria, due in April 2017, is an opportunity to overcome barriers and to boost deep renovation of the existing building stock. Involving local and regional authorities is vital to ensure that the barriers to renovation are well addressed. Without this, barriers will remain and investments in building renovation will not be sufficient to stimulate deep renovation and reap its multiple benefits: reducing greenhouse gases, cutting energy bills, creating jobs, addressing energy poverty, enhancing the quality of dwellings and increasing the comfort for occupants.

This factsheet draws on research and interviews with national experts to assess the barriers that must be addressed by the forthcoming strategy.

Context

Bulgaria has 7.5 million inhabitants and about 3 million dwellings. Residential buildings represent 75% of total floor area of buildings. The Bulgarian building stock is rather old, with most buildings – nearly 70% - built before 1979.

Figure 1: Residential buildings according to construction date (2014)
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Bulgaria’s first renovation strategy did not include a satisfactory overview of the building stock, cost-effective approaches, policies or measures, forward-looking perspective, or estimations of potential savings [1].

[1] European Commission’s Joint Research Centre (2016) [Synthesis Report on the assessment of Member States’ building renovation strategies](#)

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Barriers to deep renovation

The most relevant barriers to deep renovation are:

Legislative framework: The legislative framework does not encourage deep renovation. While the National Programme for Energy Efficiency of Multi-family Residential Buildings encourages (since September 2016) renovation of multi-family residential buildings to energy class B, although this is not widely promoted, there is no incentive to renovate public buildings to levels higher than class C.

Access to information: Competent advice on the benefits of deep renovation, applicable measures and access to financing is insufficient. There is also a lack of training and skills within the construction sector.

Skills of the building experts: Bulgaria suffers from a lack of training and skills within the construction sector. Construction professionals need further training to be able to ensure qualitative deep renovation.

Financing and costs: Grants covering 100% of the costs of improving the energy performance of multi-family apartment blocks fuels the expectation that energy performance improvements should be fully paid for by the state, thus distorting a healthy market. Transaction costs also remain high. Low energy prices (30% lower compared to the regional market) make the cost of deep renovation less financially attractive and payback periods longer.

Lack of streamlined communication: Although there is a requirement that local authorities conduct information campaigns on the National Programme for Energy Efficiency, there are no methodological guidelines or any resources dedicated for such activities.



Breakdown of barriers and potential measures to overcome specific barriers



Type of barrier	Importance
Payback expectation	
Price signals	
Access to finance	
Information	
Expectation for high (100%) state subsidy	
Skills in the supply chain	
High transaction cost	
Complexity and hassle	
Institutional and legal framework	
Split incentives	

Ranking of barriers by importance, based on EmBuild questionnaire findings

	 BARRIERS	 Potential MEASURES
COMMUNICATION 	<p>Lack of awareness: of the wide range of benefits deep renovation entails.</p> <p>Under-developed renovation culture: hampering a faster and deeper renovation rate.</p> <p>Lack of streamlined communication: there are no methodological guidelines or any resources dedicated to information campaign.</p> <p>No pilot sites: There are no visible examples of proven deep energy renovation projects.</p> <p>Lack of consistency: unclear future for several programmes hampers long-term investments.</p>	<p>Communication campaign: to shed light on the benefits of deep renovation – led by the central Government and supported at local level.</p> <p>Capacity building campaign and training: at a local level for administrators, energy auditors, certifiers, designers and construction professionals.</p> <p>One-stop-shops: for effective advice on the renovation process.</p> <p>Promote demonstration projects on the local level: to exemplify the benefits and viability of deep renovation projects.</p>
QUALITY 	<p>Lack of qualitative advice: on measures and steps to renovation.</p> <p>Lack of skills in the supply chain: lowering quality and increasing skepticism.</p> <p>Lack of training on deep renovation: for local administrations (including building control and supervision bodies), energy auditors, designers and construction companies.</p> <p>Lack of monitoring: There are no systematic practices for measurement, monitoring and evaluation of the actual energy savings after the renovation projects take place.</p>	<p>Provide tailored advice to building owners and investors: on deep renovation (for example, building passports).</p> <p>Set out clear guidelines: for measuring, review and verification of actual energy savings from deep renovation projects.</p> <p>Practical training: for building professionals to ensure a qualitative renovation process with intended results.</p>
LEGISLATIVE/REGULATORY 	<p>Insufficient energy performance requirements: for both public and private buildings.</p> <p>High (100%) state subsidies: for renovation of certain types of buildings, setting unreal expectations and being a barrier to any other forms of financing.</p> <p>High transaction cost: due to complex administrative processes.</p> <p>Grants for low-income families: for end-use energy consumption, ignoring energy efficiency.</p> <p>Ownership structures: in multi-family buildings mean all occupants must agree on the works.</p>	<p>Introduce high energy performance requirements: for all buildings and especially for the renovation of public buildings in the context of EmBuild.</p> <p>Incentives for deep renovation of single-family homes: with dedicated subsidies for low-income households.</p> <p>Phase-out: of the worst performing buildings over time.</p> <p>Prioritise subsidies and support for deep renovation of poor households: to tackle energy poverty and improve health.</p>
FINANCIAL 	<p>Lack access to finance: in both public and private sector - particularly single-family homes.</p> <p>Low energy prices: making the cost of deep renovation less financially attractive.</p> <p>Long payback periods: due to high upfront costs of renovation compared to energy prices.</p>	<p>Set up the market for Energy Performance Contracting: and Energy Service Companies.</p> <p>Public procurement processes: that focus on additional variables other than the lowest price.</p> <p>Shift provisional energy subsidies: to lasting investments in energy efficiency programmes.</p>