

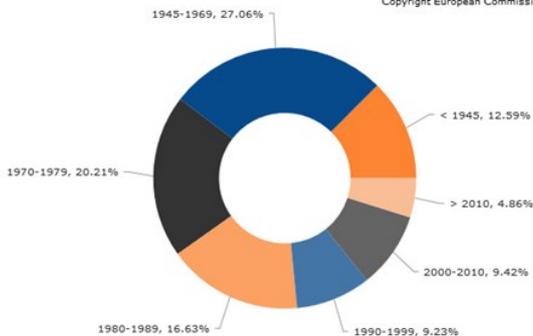
The second renovation strategy for Croatia, due in April 2017, is an opportunity to overcome barriers and to boost deep renovation of the existing building stock. Involving local and regional authorities is vital to ensure that the barriers to renovation are well addressed. Without this, barriers will 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

Croatia has around 4.2 million inhabitants and about 1,876,820 dwellings. Residential buildings represent 77.7% of total floor area of buildings. The Croatian building stock is rather old, with nearly 60% built before 1979.

Figure 1: Residential buildings according to construction date (2014)
Copyright European Commission 2016



According to the European Commission’s Joint Research Centre’s assessment, Croatia’s first renovation strategy provided a detailed description of the current situation as well as possible and planned actions, but was not clear on how and when the strategy would be implemented and its expected impacts in terms of energy savings and larger benefits (jobs, etc.) [1].

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

Barriers to deep renovation

The most relevant barriers to deep renovation are:

Banking sector: The current situation in the Croatian banking sector, which recorded losses and whose profitability has shrunk significantly, is an important barrier. Following the financial crises, which affected the Croatian financial sector hard, with the share of bad loans increasing and the number of employees in the sector decreasing, the outlook for a rapid development of the construction and energy market is dim.

Ownership structures: in apartment buildings are extremely complex and, depending on the amount of investment, the consent of at least 51% to 100% of tenants is required to invest in renovation. Given the financial constraints of the Croatian economy, obtaining required approvals for investment in the energy renovation of buildings is extremely difficult.

Insufficient awareness – among public and policy-makers - of the multiple benefits deep renovation of the building stock might bring. For an information or awareness campaign to be effective it must be targeted to a specific group of consumers. Comprehensive preparation for these kinds of campaigns should therefore be conducted beforehand and the effect should be assessed after the campaign has ended.



National contact

REGEA
North-West Croatia
Regional Energy Agency
<http://regea.org/>



Breakdown of barriers and potential measures to overcome specific barriers



Type of barrier	Importance
Split incentives	
Institutional and legal framework	
Payback expectation	
Price signals	
Information	
Skills in the supply chain	
High transaction cost	
Access to finance	
Complexity and hassle	

Ranking of barriers by importance, based on EmBuild questionnaire findings

	BARRIERS	Potential MEASURES
COMMUNICATION 	<p>Lack of knowledge and awareness: of deep renovation in the construction sector.</p> <p>Lack of awareness: of the multiple benefits that deep renovation entail</p> <p>Insufficient motivation: from financial investors.</p> <p>Perception that deep renovation: is a high-risk investment.</p>	<p>Communication campaign: to shed light on the benefits of deep renovation - led by the Government and supported at local level.</p> <p>One-stop-shops: for effective advice and support.</p> <p>Promote demonstration projects on the local level: to exemplify the benefits and viability of deep renovation.</p>
QUALITY 	<p>Insufficient construction sector knowledge: and awareness of deep renovation.</p> <p>Lack of skills: in the supply chain lowering quality and increasing scepticism about deep renovation.</p>	<p>Capacity building campaign and training: for building professionals to secure a qualitative renovation process.</p> <p>Provide tailored advice: to building owners and investors on deep renovation, for example through building passports.</p>
LEGISLATIVE/REGULATORY 	<p>Complex ownership structures: the consent of at least 51% to 100% of tenants is required for decisions on investment into deep renovation.</p> <p>Insufficient regulations: to implement energy efficiency and renewable energy use in buildings.</p> <p>Transaction cost: due to time-consuming public procurement processes.</p> <p>Split incentives: between tenants and owners, or between owners.</p>	<p>Ensure a transparent renovation process: with guarantees for the tenants.</p> <p>Revise the legislation saying that all tenants must agree on renovation measures.</p> <p>Adopt higher energy performance standards: for the renovation of public buildings.</p> <p>Phase-out: of the worst performing buildings over time when deemed unfit for residents.</p> <p>Prioritise subsidies: and support for deep renovation of homes of low-income families to tackle energy poverty and improve health.</p>
FINANCIAL 	<p>Lack of private incentives: for investing in deep renovation is a major barrier.</p> <p>Lack of developed and proven financial models: on the market.</p> <p>Impact of the economic crisis: reducing the capacity for investment in all economic sectors, including the construction sector.</p> <p>Low energy prices: make the alternative cost for energy efficiency more expensive.</p>	<p>Stimulation of the market for Energy Performance Contracting: and Energy Service Companies – such as providing guidance documents, sample procurement and contract documents, and encouraging the public sector to lead by example.</p> <p>Public procurement processes: that focus on more variables than the lowest price.</p> <p>Pilots projects: for specific building types (e.g. courts and buildings with cultural heritage).</p>