

# Renovation strategy – addressing the barriers to deep renovation



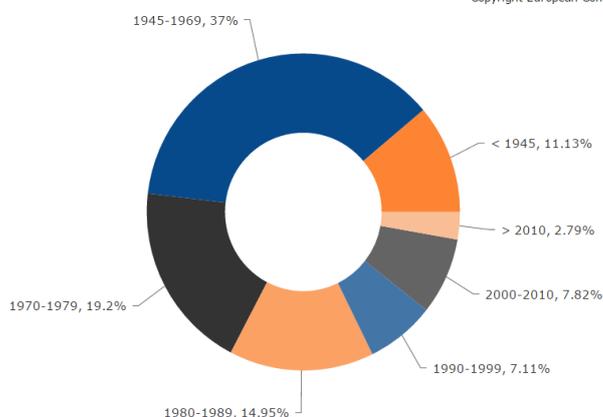
The second renovation strategy for Romania, due in April 2017, is an opportunity to overcome barriers and to boost deep renovation of the existing building stock. Involving local and regional authorities is vital to ensure that the barriers to renovation are well addressed. Without this, barriers will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

Romania has around 20 million inhabitants and about 8,840,600 dwellings (2014). Residential buildings represent 83% of the total floor area of buildings. The Romanian 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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According to the European Commission’s Joint Research Centre’s assessment, Romania’s first renovation strategy provided a satisfactory overview of the building stock and of policies and measures, but failed to adequately present the technical energy efficiency and renewable energy opportunities for each building category which would assist the regional and local implementation of the strategy and the development of the Romanian Energy Service Company market. A more detailed implementation timeline should also be provided [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:

**Tendering process:** The Romanian tendering process is generally overly focused on the price of the project, in some cases leading to inadequate material and low-quality work. Tendering contracts are often integrated contracts, which can comprise construction work on the building envelope, the supply of systems and energy, financing, management and maintenance services, but also energy conservation guarantees.

**Building owner participation:** Building owners are not involved in the set up and roll-out of renovation programmes, leading to less than optimal results and distrust between the different actors.

**Complex regulatory process:** The Romanian construction market is—according to stakeholders—restrained by complicated processes and bureaucracy. There is a focus on setting specific regulations, such as defining an exact depth of insulation, rather than setting ambitious targets that can be achieved by appropriate and tailored measures.



**National contact**

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

*Ranking of barriers by importance, based on EmBuild questionnaire findings*



### BARRIERS



### Potential MEASURES

#### COMMUNICATION



**Lack of competent advice:** on possible measures and steps to renovation.  
**Lack of awareness** among customers and investors of the wide range of benefits deep renovation entails.  
**No pilot sites:** Many local regions lack visible examples of proven deep energy renovation projects.

**Communication campaign:** to shed light on the benefits of deep renovation – led by the central Government and supported at local level.  
**Capacity building campaign and training:** at a local level for energy auditors, certifiers, designers and construction companies.  
**Promote demonstration projects:** to exemplify the benefits and viability of deep renovation.  
**Promote demonstration projects at the local level:** to exemplify the benefits and viability of deep renovation.

#### QUALITY



**Lack of skills:** in the supply chain.  
**Culture to maximise profits with minimal effort:** resulting in sub-optimal works.  
**Lack of training on deep renovation:** for local administrations (including building control and supervision bodies), energy auditors, designers and construction companies.

**One-stop-shops:** for advice on renovating buildings.  
**Provide tailored advice to building owners and investors:** on deep renovation (for example, building passports).  
**Set out clear guidelines:** for measuring, review and verification of actual energy savings from deep renovation projects.  
**Practical training:** for building professionals to ensure a qualitative renovation process with intended results.

#### LEGISLATIVE/ REGULATORY



**Ownership structures:** in multi-family buildings mean all occupants must agree to proceed with the works.  
**Overlaps within ministries responsible for buildings:** creating piecemeal regulations and laws.

**Introduce energy performance requirements:** for the renovation of public buildings.  
**Phase-out:** of the worst performing buildings.  
**Ensure a transparent renovation process:** with guarantees for the tenants.  
**Revise the legislation** saying that all tenants must agree on renovation measures.  
**Prioritise subsidies and support for deep renovation** of homes of low-income families: to tackle energy poverty and improve health.

#### FINANCIAL



**Low energy prices:** making deep renovation less financially attractive.  
**Obstacles to access energy efficiency services:** including Energy Performance Contracting.  
**Limited access to financing:** in both public and private sector.  
**Public procurement:** process favours lowest price.  
**Long payback periods:** due to relatively high upfront costs of renovation compared to energy prices.

**Incentives for deep renovation:** of multi-family homes.  
**Stimulation of the market for Energy Performance Contracting:** and Energy Service Companies.  
**Public procurement processes:** that focus on additional variables other than the lowest price.  
**Shift provisional energy subsidies:** to lasting investments in energy efficiency programmes.