

# 5 STEPS TO MODERN BUILDINGS IN SLOVAKIA



**B**uildings serve as a strategic infrastructure of a country. They provide necessary space for living, work, business, education, treatment or relaxation, and other activities that are fundamental to the functioning of society and economic performance of the country. Their quality impacts people's productivity and health. People spend more than 90% of time in buildings which consume 40% of all energy. So, the buildings have an enormous impact on man, environment, and economy.

Although being mostly a private estate, **buildings' importance to the performance of entire society makes their construction and renovation a public interest.** Representing a strategic infrastructure of the country, buildings deserve similar attention by the government and experts who shape public policies such as highway construction, energy sources, pension system or education.

**A modern Slovakia needs modern buildings, and modern buildings need modern policies.** We believe that Slovakia is able to introduce and implement public policies that are necessary for construction and renovation of buildings to make a big step forwards. The 5 steps, we have defined, show the fundamental principles of public policies' transformation. The transformation is intended to adapt buildings in way that they provide qualitatively better environment at low overhead costs and effectively contribute to the prosperity and security of Slovakia and a healthy and quality living of its residents.

# 5 STEPS TO MODERN BUILDINGS

## 1 APPLY EXISTING REGULATIONS PROPERLY

In the field of housing, like in other sectors, Slovakia has a relatively high quality legislation, however, its implementation in practice is lagging behind. Construction proceedings fail because constructed buildings do not comply with the basic requirements, either energy performance or quality of indoor environment. Energy certification fails, as it does not reflect energy efficiency such as energy labels on appliances. Legislation enforcement is fundamental for quality assurance of buildings. With limited costs significant improvements can be achieved.

In 2017, **11% of newly-constructed detached houses** fail to fulfil the minimum statutory requirements for energy performance of buildings.

### HOW TO MAKE A CHANGE?

Amend rules of construction proceedings in a way that a building permit and occupancy permit can only be issued for a building actually complying with applicable requirements.

Allocate budget funds and introduce control of energy certificates as contemplated by law.

## 2 EMPOWER THE SELF-GOVERNANCE

Self-governing authorities administer the majority of public buildings located in their territories. Public buildings together with residential buildings shape urban environment and influence heavily quality of life, employment, and health of residents, air quality, and preparedness for climate change. Self-governing authorities, however, have lack of resources, competence or funds to influence efficiently the quality of buildings. This is often caused by modernisation debt and underfunding that the local authorities cope with following their establishment more than 20 years ago.

**Self-governing authorities** should lead by example in the area of high-quality renovation of public buildings, they **should act as a catalyst of private investments in buildings** within their territory. Today, they have no mechanisms for that.

### HOW TO MAKE A CHANGE?

Self-governing authorities need to be able to set their own extra requirements for buildings and they need budget to do functional and energy audits of their buildings and hire necessary personnel for their administration and development.

A greater autonomy of local authorities is a precondition to getting private capital into renovation of public buildings through guaranteed energy services or rental housing development.

## 3 SUPPORT INNOVATIONS AND BEST AVAILABLE TECHNIQUES

The inertia inherent in existing construction and renovation methods preserves sub-optimal state of buildings for the next 40 years. Although it is technically and economically feasible to do much better, present day buildings are not ready for climate change, consume a great deal of energy, and fail to provide healthy indoor environment. Additional tax income and, especially, higher labour productivity, health, and preparedness of society for climate change substantiate support that is necessary from public funds.

Studies prove that for example **healthy office buildings** increase employee productivity by **8 to 11%**. A very conservative estimate suggests potential **GDP growth of Slovakia by EUR 1.3 billion**.

### HOW TO MAKE A CHANGE?

Subsidies and other financial mechanisms (in appropriate amount) for buildings construction and renovation are necessary so that increasing number of buildings is built in quality corresponding to the 21<sup>st</sup> Century. Integrate various forms of subsidies for different types of buildings, and remove unnecessary administrative burden and dual controls.

Improve technical assistance for the applicants and invest in awareness and promotion of high-quality buildings and support schemes.

**4**

## ATTRACT PRIVATE INVESTMENTS

A modern public policy can direct private investments in areas of public interest. Financial support of rental housing and renovation of building stock (public buildings such as schools, institutions and healthcare facilities) by European funds in the present form end up and public source of financing is limited. Therefore, it is time to exert maximum effort to employ private capital in this field.

**Rental housing** connected with labour mobility **make up only 3%** of the housing stock in Slovakia. This approach will bring only 4% rental housing increase by 2050. **More than 2/3 of schools, health and other public buildings** are in their initial condition and **need to be renovated.**

### HOW TO MAKE A CHANGE?

Financial instruments such as tax allowances as well as removal of regulatory barriers may attract private sector investments into massive development of rental housing or renovation of public buildings through guaranteed energy services.

Success in this field, however, requires greater power of self-governance and incentive schemes for launch of innovations and support of the best available techniques.

**5**

## HELPING THOSE WHO NEED IT

Combination of a non-renovated house, low income, and solid fuel heating system pushes Slovak households into a vicious circle; they themselves are unable to get out of it. This results in air pollution with smog episodes, and health problems that together preserve hopeless economic state in the least developed regions.

In the least developed regions, solid fuel heating is used by more than 60 thousand households. Slovakia has the third highest share of population exposed to excessive concentrations of fine particles (PM2.5). **Household heating is source of up to 70% of fine particles.**

### HOW TO MAKE A CHANGE?

Houses renovation combined with exchange of heating sources bring solutions to low-quality housing, energy poverty, and air pollution alike. Planned social tariffs for energy or subsidy for exchange of separate boilers is not a solution, rather an obstacle to actual solution.

Low income households need financial support from the state and technical and professional support from the self-governing authorities to be able to invest in their housing renovation.

**5+1**

## MAKE BUILDINGS A STRATEGIC PRIORITY OF THE COUNTRY

In terms of administrative competences, buildings fall within at minimum 5 ministries: the Ministry of Transport and Construction, the Ministry of Economy, the Ministry of Environment, the Ministry of Finance, and the Ministry of Agriculture and Rural Development.

Buildings serve as a strategic infrastructure of a country. **Up to 90% of their time people spend in buildings; buildings consume 40% of all energy.** So, buildings renovation needs and deserves inter-departmental cooperation and joint action towards common goal.

### HOW TO MAKE A CHANGE?

Creation of an inter-departmental committee at ministerial level or Office of Government Plenipotentiary or Parliament Committee might bring a new impulse that is necessary.

## DID YOU KNOW THAT...?



Slovakia comprises **1.95 million** housing units located in **1.05 million** apartment blocks and detached houses...

**2/3** of buildings are in their initial condition and need renovation.

... and more than **15 thousand** public buildings such as schools, offices, outpatient clinics, and hospitals.

**1/5** of households live in inadequate housing units.



Inadequate housing leads to **1.5-2.9** times higher incidence of health problems.

Poor quality buildings lead to increased healthcare costs reaching **EUR 410-870 million a year**.

Solid fuel heating causes more than **3 thousand** premature deaths each year.



Slovaks spend the largest share of household income on household energy among EU countries (**14.5%**).

**Roughly EUR 360 million** a year is spent on running schools, hospitals, offices, and other public buildings.

## WHAT SHOULD A 21<sup>ST</sup> CENTURY BUILDING LOOK LIKE?

1. It is highly energy-efficient and connected to clean, renewable energy sources.
2. It offers a healthy indoor environment for the users, thermal comfort in winter and summer season, sufficient and high-quality daylight and artificial light, fresh air, and acoustic comfort.
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4. It creates public space and cultivates society through its good-quality architecture.

## FOUNDING AND REGULAR MEMBERS



## ASSOCIATE MEMBER

