

Pula

annual conference Days of Architects

organized by the Croatian Chamber of Architects together with the Croatian Association of Architects.

March 21st until March 23rd 2024

One of the topics are architectural competitions and public procurement, which in the moment is a very delicate topic in Croatia. We would like to hear your experiences in how you deal with that thing, if there is any chance for a fair competition for architects.



Memorandum federal

Complete and optimize public procurement regulations

In 2023, important steps have been taken in the legislation surrounding government procurement. We are very satisfied with that. The change that promotes access to government contracts for SMEs and **provides for a bidding fee** is certainly a good thing.

However, we believe that the regulations can still be improved. It is therefore necessary to maintain the independence of architects and to recognize and therefore fairly compensate the true costs of the efforts of architectural firms in the first phase of a tender. It is also important to take these elements into account when considering the assessment and cost criteria.



3. PUBLIC TENDER FOR ARCHITECTURE CONTRACTS

The problems

The current tender procedures for architectural assignments do not always run smoothly. And this not only has an impact on the work of architects and the sector, but also on society.

We list the most important problems:

- **too high a workload for architectural firms** in the competition phase. This leads to high costs for participating offices and for society.
- **the independence of the architect is under pressure.**
- **poor use of the reference system** in public procurement.
- there are government contracts with fixed and conditional parts. This leads to **uncertainty about the extension of the assignment.**



The solutions

We ask ...

- limit the output. This can be done by working on uniform, clear definitions of the desired deliverables – what is a project vision, what is a draft design, etc. – and a clear program of requirements. The contracting authority must actually enforce the limits on the candidates. With crystal-clear communication of the specifications in which the conditions of the assignments in the first phase of the selection are laid down, the government prevents an unnecessarily high workload at participating agencies.
- **two-step procedures that enable high-quality selection.** For example, the three best teams can be selected. The selection criteria should not be too restrictive in terms of the number of reference projects and the seniority of the references.
- **DBFM should only be used as a very conscious choice** and when absolutely necessary.
- **avoid competitive dialogue.** This results in an overload of architectural firms and is only useful if the program cannot be defined in advance.
- to **provide compensation for participating architects** (offices) that are in proportion to the requested output. Therefore, clearly define the output and limit the amount of work in the tender phase. Not only by limiting the number of pages, but especially by working on a clear definition of the deliverables (see earlier).
- to **provide proportional representation of architects among the members of the evaluation jury.** For some projects, such as heritage projects, it may be useful to provide support to the jury in the further development of the project after award. It is also a plus if designers are given the opportunity to present the projects in the context of the contract award procedure.
- to **revise the prices (salary index) for lump-sum payments** in the pre-project/permit phase.

- **establish criteria for defining the correct category of fees.** The complexity of the program, complexity of the project (renovation, new construction, heritage, etc.), amount of work, size of the project, output of the mission, specific studies related to sustainability must be taken into account. This task list is a good indicator of all the services that need to be provided in the context of a construction project:
https://www.bimportal.be/wp-content/uploads/STL_vAug22_NL_FR.xlsx
https://www.bimportal.be/wp-content/uploads/Guidance_STL_vAug22_NL_FR.pdf
- **to also adequately compensate non-selected candidates for their work delivered in the tender phase.** Scientific studies indicate that a reimbursement of 80% of the costs that offices incur in this phase is optimal from a social point of view.
- **an objective analysis of the budget of the projects** by a qualified external agency (quantity surveyor) that assists the public client.



We especially ask that **the previous solutions be embedded in government procurement legislation** and that, together with the architectural sector, **a handbook be drawn up on the tendering of government contracts** for clients who fall under the supervision of the federal government.



Generalize a reduced VAT rate in construction

The VAT regime in construction is too complex and discriminatory, especially because it distinguishes between works and services, and between reconstruction and renovation. Current regulations do not encourage high-quality, sustainable choices and that is a missed opportunity.



1.VAT IN THE CONSTRUCTION SECTOR

The problem

6% for demolition and reconstruction: half-hearted and useless measure

The recent decision by the federal government on the VAT rate for demolition and reconstruction has led to dissatisfaction among architects and the entire real estate sector. Instead of creating more simplicity and clarity, additional complexity was added. We do not believe that the new arrangement will contribute to the necessary reduction of the budget deficit to 2.9% of gross domestic product, as announced. It is also incomprehensible that the government took this measure without consultation with the architectural sector.

There is currently a construction and housing crisis underway. There are rising interest rates, high material prices, uncertain future prospects for Belgian architectural firms... Many projects are now on hold awaiting clarification and this has significant economic consequences. The housing market is becoming so tight that housing is truly becoming unaffordable for everyone.

Large construction projects, especially core densification projects, must therefore be supported. In addition to a constructive dialogue with the banks, fiscal measures are essential. We need to step up a gear in our renovation efforts. The isolated measure of 6% for some of the demolition and reconstruction projects is insufficient. More is needed to realize the necessary expansion and renovation of our housing stock.

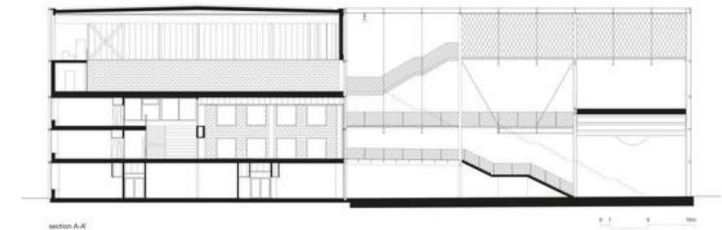
The solution

We ask ...

- a broader reform of VAT regulations for the construction sector. There must be one scheme for the reduced rate so that demolition and reconstruction projects and renovation projects are taxed in the same way.
- the same VAT rate for works and services. Why does 6% VAT apply to contractors and 21% VAT to architects and other service providers? That difference makes no sense. Clients are thus encouraged to only call on a contractor and not an architect. And that does not lead to the most well-thought-out renovations and works. We request a reduction to 6% for the fees of the architect and other construction service providers.

We realize that these measures come at a price. The government could compensate these costs by:

- limit the reduced rate to homes with a net area of less than 200 m².
- to limit the scope: only for one's own, sole home.
- an increase in the reduced VAT rate from 6% to 9%.



In concrete terms, we want the government...

1. commitment to renovation of the existing building stock.

2. Avoids vacancy of buildings.

3. improves the energy performance of existing buildings.

Insulate new or renovated buildings with a view to the future.

4. develops a legal instrument for the introduction of the principles of the circular economy in public procurement. The

traditional legal instruments (assessment criteria, administrative provisions, etc.) are currently not sufficiently developed to take circularity principles into account. However, architects are expected to incorporate these principles into their specifications. Architects do not have the resources nor the competence to develop the required adapted administrative-legal instruments. Through the Buildings Agency, the federal government can play a pioneering and exemplary role in two areas:

- the introduction of circularity principles and criteria in the technical regulations of the specifications.

- the development of the related administrative-legal provisions. In this way, an appropriate organization and assessment of tenders can be ensured, in accordance with government procurement regulations.

Memorandum Flemisch



TENDER FOR ARCHITECT ASSIGNMENTS

The challenge: the way in which architectural assignments are outsourced unnecessarily incurs costs for both architectural firms and public procurers

1) **An appointment guide for all clients who fall under the Flemish budget.**

The Flemish government, in collaboration with the architectural sector, must create guidelines for clients. Such an appointment guide would provide a lot of clarity about how exactly to set up a good competition procedure. The guideline must contain the following principles:

- A standard vocabulary for the expected output of a quotation.
For each competition, the client should describe in detail what output they want.
In addition, the contracting authority should not charge more than is necessary for the intended project.
And when participants do more than asked, they should be punished for it.
- A two-stage procedure. By working with two phases you can limit the number of participants in the final phase of a competition. In an initial recruitment and selection phase, the client can then select participants on the basis of a limited presentation memorandum, in a second phase a project-specific vision or a sketch design can be requested.
- Appropriate references: the references in tender procedures must be sufficiently broad. If references are too specific, you create an oligopoly.
- The new legally required instrument of bidding compensation must be used effectively. By providing a sufficiently high amount, quality quotations can be guaranteed.

2) A master builder who is actively committed to the quality of all architectural assignments.

The architect's task is to promote the quality of the built environment by guiding and advising clients on gaps in regulations.

In both Flanders and Brussels we need a strong architect who does not limit his assignment to a few niche projects, but wants to improve the procurement culture in general.

The way in which the master architect was put into practice in Brussels during the past legislature can serve as an example.

bMa

TVB team vlaams bouwmeester

Brussels Architecture Prize



ORGANISE A COMPETITION ?

The design competition is BMA's most important tool. Competitions put assignments for architecture, urban planning or public space on the market openly and push up the quality of the projects.

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WHAT IS RESEARCH BY DESIGN ?

The drawing is at the heart of Research by design. This tool, which exists at BMA since 2016, intervenes as early as possible in the design process and contributes in its own way to the quality of projects.

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ASKING FOR A DESIGN REVIEW ?

The earlier the dialogue on the quality of a project is initiated, the more fruitful it will be. Indeed, asking the BMA for its opinion on the eve of a permit application does not allow for a calm discussion of the project.

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