Basic facts about the new Croatian Construction Law

1. Introduction

Until 1 January 2014, the matter of construction and physical planning was regulated in the Physical Planning and Building Act (Official Gazette No. 76/07, 38/09, 55/11, 90/11, 50/12, 55/12 and 80/13). Because of the extensive and often inadmissibly vague wording of the Physical Planning and Building Act, a number of ambiguities and inconsistencies were encountered when applying the law in practice. Consequently, the investors frequently faced backlogs and administrative barriers in formal licensing procedures. Faced with the critics of the business community, primarily foreign investors, with the goal to overcome these issues the legislator divided the substance of the Physical Planning and Building Act into three separate laws, which were published in the Official Gazette No. 153/13 and entered into force on 1 January 2014. After 1 January 2014, when engaging into construction business the potential investors shall especially consider the following laws:

i) the Building Act;
ii) the Physical Planning Act; and
iii) the Building Inspection Act.

2. The Building Act

a. Subject matter of the Building Act

The Building Act regulates a number of institutes and criteria that are necessary for the construction and maintenance of buildings such as procedure for classifications of buildings; building construction requirements e.g. mechanical resistance, stability, safety, noise protection etc.; the accessibility of buildings to disabled persons; energy certification; issuance of documents and permits relating to construction and the use of buildings; defines participants in the construction process; and identifies competent and supervising authorities for the application of the Building Act.

b. Most extinguished procedural novelties

One amongst the main goals of the Building Act is simplifying and accelerating procedures for the issuance of a building permit. In the old regime, the investors were firstly required to obtain the location permit (the act confirming the compliance of the building with the requirements set out in the physical planning documents) and in the second step the appropriate documents constituting the basis for the start-up of the construction works (building permit or the main project approval). After 1 January 2014 the building permit is the only document that is required for the start-up of the construction works.

Besides reducing the number of required licences, the Building Act aims at reducing the scope and seize of documents that are required to be provided to the authorities within the procedure of issuance of the building permit. The investors are no longer required to regulate communal and water contribution prior to obtaining the building permit. The deadline up to which this matter shall be regulated is 8 days before commencement of the construction works. Furthermore, the Building Act provides prerequisites for the issuance of the building permit in an electronic form. Once issued, the building permit shall be valid for the next three years within duration of which the construction works must start.

The Building Act simplifies the procedure of issuing the usage licence, which is a prerequisite for the usage and operation of the building. Once the usage licence is issued, the competent cadastral authority shall automatically regulate and register the building in cadastre.
One of the novelties is exact defining of the tolerated discrepancies of dimensions between the construction project and the erected building, in which case, the discrepancy up to 3% shall be tolerated. In relation to the total external measures, the discrepancy up to 0.30 meters is allowed, except in case the discrepancies relate to neighbouring boundaries and the main building line.

c. Energy Certification


The Building Act defines terms for energy certification of buildings and introduces the obligation to the owner of a building to specify the energy characteristic of the building when advertising the sale/lease of a real estate in media (e.g. newspapers, radio and tv programmes, electronic publications etc.). After 1 January 2014 the energy certificate is required for all the buildings that are offered for a sale or a rent. The energy certificate shall be presented to the potential buyer or a lessee of a real estate. The exception is provided for the real estates (buildings, apartments) which usable area amount less than 50 m2 and for buildings that are subject to special regime such as religious buildings, workshops, industrial buildings. In case of failure to present the potential customer the evidence on energy status of the building, the strict penalties amounting HRK 15,000 – 30,000 for legal persons and HRK 5,000 – 10,000 for physical persons – the owners of the real estates as well as the authorised real estate agents, may be imposed.

d. Building Environment

The Building Act sets requirements for the owners of new buildings to finish construction within certain time limits (e.g. 5 years for the family houses, 10 years for more complex buildings). In case of non-compliance with the deadline, an investor may be fined with the penalty. The construction of a building shall be considered completed when the external appearance and the environment of the building are arranged (including façade of the building). The owners of the older buildings are relived from this obligation, however, the obligation of energy certification is believed to have a positive effect in terms of stimulating the owners to complete the building facades. In order to support this incentive, the Ministry for Building and Physical Planning created a new programme of financial supports, which may be used for decorating of the house facades and arranging of the environment.

3. The Physical Planning Act

The Physical Planning Act defines targets, principles and participants in the physical planning procedure; regulates procedure of adoption of the Strategy of Physical Planning; elaborates physical plans including the prerequisites for adoption of pertaining by-laws and ordinances; provides principles for monitoring of the physical planning; and many more. The purpose of physical planning is providing prerequisites for the balanced physical development in accordance with the economic, social and environmental factors.

The Physical Planning Act identifies cases when besides the building permit the investors are required to obtain location permit. The obligation of obtaining the location permit applies to buildings such as exploitation fields of minerals, mining facilities, military locations and buildings, etc. Also, location permits are required for certain interventions in the environment which do not include construction.

The Physical Planning Act harmonised Croatian regulations with the Protocol on Integrated Mediterranean Coastal Zone Management in a part relating to protected coastal area, its physical planning and construction works that may be performed within this area which is considered to be of a special interest for Croatia.
4. The Building Inspection Act

Due to inefficient regulations on the supervision of the laws in a field of construction to be effected by the competent Ministry of Construction and Physical Planning a number of illegally constructed buildings has risen over the years. This has been confirmed by the fact that by June 2013, the competent authorities received over 200,000 applications for the issuance of the document (snimka izvedenog stanja) serving as a legal basis for legalisation of illegally constructed buildings.

The purpose of the new Building Inspection Act is simplifying supervision procedures and exercise of inspection measures to be exercised by the supervising bodies. Some of the novelties are moving the supervision authorities in respect to certain constructions to the administrative bodies of the local self-government units competent for the communal services; and abolition of the right to appeal against the decision of the inspectorate instead of which legal remedy a party may exercise a right to file a claim to the competent administrative court. To which extent this measure which should release the Ministry for Construction and Physical Planning from workload and put a burden of work on the administrative courts, will result in more expeditious procedure is yet to be seen by the lapse of time.

5. Final remarks

Between 2003 and 2012, a building inspection issued a total of 37,735 decisions on the demolition of illegally constructed buildings whereas 4,478 buildings were demolished. Until June 2013, over 200,000 requests for legalisation of illegally constructed buildings had been lodged with the Ministry of Building and Physical Planning. The main purpose of three new building laws is creating solid legal grounds for stimulating the discipline of building investors by complying to build in accordance with the legal requirements. The acceleration and simplification of the administrative procedures related to issuing building permits and the usage licences should result in reduction of the procedural costs and as expected by the Government attract new investors within the construction industry.