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Contribution for development of construction land in Serbia - current trends and perspectives

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Public infrastructure has significant impact on quality of life. As it is contributing to individuals and to the community, one of the questions in this field is from which sources and in which way it should be financed. This topic is perceived from the perspective of an owner of immovable property, investor, and their duties related to process of construction/reconstruction of building. One part of financial support for communal infrastructure in Serbia is collected through contribution for development of construction land. In some cases it is also possible to make an agreement on joint development between investor and local authority. According to Law on Planning and Construction, contribution for development of construction land is the revenue of the local authority and it is used for developing of construction land, acquisition of construction land and construction and maintenance of utility infrastructure. The amount is designated in the decision on the construction permit and it is based on various parameters such as average price per square meter of new dwellings in municipality, surface, purpose of construction and the zone in which is located. Difference made between zones is linked to increased value of property in certain parts, like for property tax. Some constructions are exempted from payment (e.g. facilities for public use in public ownership, manufacturing facilities). In some cases the amount can be reduced. Contribution, which can be significantly high and influence total costs of construction, has to be payed (at least the first installment) before the submission of notification of beginning of construction works. If the investment is not needed for that location (as it is already equipped) it will be used for development in other parts, according to the plan. It is the way of contributing to investment that was already made by the local authority. Research is also focusing on issue of illegal constructions, which is very important for this topic. As they are build without construction permit paying of contribution is avoid. That puts builders in unequal positions and raises various questions, such as who is taking financial burden from which are also benefiting other members of the community. In reverse, high amounts of contribution can have an influence on number of illegal houses.