

Quick Response Request

Submitted by: Association of the Units of Local Self-Government of Republic of Macedonia (ZELS)

Date: April 2010

Subject: Fees associated with bringing infrastructure and general preparation of construction land.

Background: ZELS asking NALAS members to submit information on the following questions:

1. How the municipalities of the NALAS members decide on the fee for arranging of (or preparation of) construction land? In Macedonia, that is a category of communal fees during construction - fees that are calculated per square metre, paid by the investor and used to provide electrical supply, water, sanitation and street lighting for the building.

2. How much is this fee in the capital city and what is the average fee in the other parts of the country?

1. Summary of Results*

NALAS contacted the members of the Task Force on Urban Planning and other representatives of the member association and have collected answers concerning 5 countries.

The country	How the municipalities of the NALAS members decide on the fee for arranging of (or preparation of) construction land?	How much is this fee in the capital city and what is the average fee in the other parts of the country?
Croatia	Communal fee in Croatia has to be paid according to decision of the local authority therefore it is different for each city or municipality. It is paid by the owner of the construction land or by the investor. The funds collected in this way are used for building constructions for electrical and water supply, maintaining and using of public spaces, roads and streets, cemeteries and street lighting. The fee is calculated by number of cubic meter (m3) of the built construction.	In Croatian capital Zagreb and the price is approximately 10, 15, 22 and 26 EUR (70, 110, 150 and 180 HRK) per m3, depending of the part of the city – in the center or in suburbs. Locally fees are lower and for example in the city of Šibenik (Dalmatia) average price is 4 EUR (30 HRK) per m3.
Moldova	In Moldova the local authorities don't collect such fee. It is the responsibility of the investor or person itself that executes the building works to conclude agreements with the	

	municipal companies or private companies to connect them to the energy, water, gas supply or sewerage, etc. The price of these services varies from one municipality to another and it is not regulated by law.	
Montenegro	The tax depends on the zone but actual costs for preparing the land exceed the revenues from the collected tax and the difference is covered by the investor.	In the capital city the most expensive fee is for buildings meant for business is 193 €/m ² , and for buildings meant for housing the fee is 153 €/m ² .
Romania	In Romania, this fee is called "fee for authorizing the organization of the construction works" and is 3% of the value of the authorized building.	
Serbia	The fee is called construction land development fee. Municipalities are free to decide on price of this fee – and it varies from town to town. There are also zones in each town where the fees also vary. There are usually 5-6 zones from town centre to the periphery.	

* For more details please follow the links in the table or see the detailed information in the next chapter.

2. Detailed/Analytical Information

In Serbia, this issue is regulated by the Law on Planning and Construction. The fee is called construction land development fee. SCTM has developed a Model for Local Ordinance on this fee and it is available in Serbian language. Municipalities are free to decide on the fee amount – and it varies from town to town. The fees sometimes vary even in one town, where zoning system is in place. In those towns, there are usually 5-6 zones from town centre to the periphery.

This fee still represents some kind of „development tax” because it covers more than just the costs of infrastructure construction. That is why the fee is higher for commercial constructions than for housing and industrial objects. This fee can easily be misused, as it allows a municipality to significantly vary the fee for some investors. In another case, it has also been given for public auction (the city of Belgrade). The reason for the misuse lies in the fact that there was no official land market, and municipalities were just selling land „usage rights”.

In Romania, this fee is known as "fee for authorizing the organization of the construction works" and is 3% of the value of the authorized construction. The building value cannot be lower than the value established (by central government) for the property tax, and is calculated depending of the construction type (structure, material and utilities), locality rank (established by central government) and zone within the locality (established by local government as fiscal zones plan).

In Moldova, the local authorities don't collect such a fee. It is the responsibility of the investor or person that executes the building works to conclude agreements with the municipal companies or private companies to connect to the energy, water and gas supply, sewerage, etc. The price of these services varies from one municipality to another and it is not regulated by law. The fee for issuing the construction permit includes only expenses for issuing the documentation (maintaining the apparatus, salaries, offices and other operating costs) and does not cover expenses for preparing (arrangement) of the construction land.

There is a local tax called tax for territory arrangement which is paid by commercial units after the construction is finished, depending on the number of employees and founders, but the revenues from this tax are rather small and are used for some current works of smaller scale (paving the walking sides of the roads, green spaces, etc.).

In the municipality of Bar, Montenegro, there are seven zones and each one has its own coefficient (2 - 0.8), buildings are treated differently according to purpose (Business, Tourism, Housing, Production) and each one has its own coefficient (1.4 - 0.8). The average tax is determined annually and is 70 € for 2010. So, for buildings meant for business and located in zone I, the fee for 2010 (per square meter) is $2 \times 1.4 \times 70 = 196$ €/m². For building meant for housing and located in the same zone the fee is $2 \times 1.0 \times 70 = 140$ €/m². However, if the actual costs exceed these fees, the investor pays the actual cost of construction land development. In the capital city the most expensive fee is for buildings meant for business and it is 193 €/m², while for buildings meant for housing the fee is 153 €/m².

In Croatia, the communal fee has to be paid according to decision of the local authority. Therefore it is different for each city or municipality. It is paid by the owner of the construction land, or by the investor. The funds collected this way are used for building constructions for electrical and water supply, maintaining and using of public spaces, roads and streets, cemeteries and street lighting. The fee is calculated by number of cubic meters (m³) of the built construction. For objects built before 1968, for the reconstruction or annexes, the fee is calculated only for the difference in sizes.

For the pools, public playgrounds and other open space grounds the fee is calculated by square meter m² but the price is the same like the one for cubic metres (m³).

There are four categories for the fee calculation in Croatian capital Zagreb and the price is approximately 10, 15, 22 and 26 EUR (70, 110, 150 and 180 HRK) per m³, depending on the part of the city - in the centre or in suburbs. Lately many municipalities have increased the fee. City of Varaždin (NE Croatia) has introduced four categories and the price is between 13 and 15 EUR per m³ with additional 2 EUR for construction for business purposes. The fee can be paid in instalments. For example, a construction size of 600 m³ can be paid for quarterly during ten years, but if it is paid at once the discount is 25%. In other places, however, fees are lower and, for example in the city of Šibenik (Dalmatia), the average price is 4 EUR (30 HRK) per m³.