Improving Spatial Planning in Poland

Follow-up of Country Specific Recommendation #3

Warsaw, 17 November 2016

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(Recital 13)  
“... Key factors hampering investments, in particular in construction, are very low coverage of and instability in spatial planning, especially at the local level, as well as over-regulation and regulatory and administrative inconsistencies that impede the issuing of construction permits”  

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| No 3:  
“Take measures to remove obstacles to investment in transport, construction and energy infrastructure, and increase the coverage of spatial planning at local level.” |
Business environment for investors


- The most recent progress took place due to:
  - introduction of new insolvency law,
  - allowing for speeder electricity connections,
  - faster property registration procedure, and
  - amendments in the construction law (advancement in this category from #52 in 2015 to #46)

- There were also negative developments in the areas like:
  - setting-up firms (drop from #85 to # 107!),
  - tax payments, and
  - protection of minority investors
Business environment for investors (2)

- However, in comparison with other countries still more effort is needed to generate welcoming environment for domestic and foreign investments in following areas:
  
  - Support provided by business environment institutions remains highly fragmented comprising some 800 entities with limited service culture and heavily reliant on public funding.
  
  - Innovation system needs to develop further and consolidate its basis.
  
  - Irrespective of the progress, there are still continuous weaknesses in registering property, enforcing contracts, and construction permitting.
Construction permits: significant administrative burden for investors

- More than 50% of construction permits are based on administrative decisions linked to vague conditions.
- Permissions might be simultaneously issued to several investors proposing different development concepts - the decision remains valid until the first investor obtains a construction permit.
- Regulatory deadlines: 30 days for decision, 60 days for more complicated cases.

**BUT IN REALITY:**  *NIK control in Mazowieckie (2013-15) revealed that* ...

- 63% of checked decisions > 100 days, 16.6% > 200 days; up to several years if legal proceedings involved following an appeal.
- Lack of staff qualified for issuing administrative decisions: use of external services and additional costs (up to PLN 516,000).
- Procedural infringements (74.5% of controlled decisions).
- No information about localization decision passed on to regional level (36%).
- Surpassing deadlines (32.7%) and accepting uncompleted applications that might lead to invalidity of issued decisions (8%).
Benefits of spatial planning

- Establishing long-term frameworks for harmonious territorial development
- Promoting the rational use of land and public services and coordinating investments to ensure their maximum positive impact on a territory
- Enhancing the stability of investments and improving investors' confidence through a more consistent, efficient and predictable decision-making process, i.e. easing investments

AS SUCH SPATIAL PLANNING CAN BE A POWERFUL TOOL
- FOR ENCOURAGING ENTERPRISES' INVESTMENTS AND JOBS CREATION!

Responsible Development Plan says:
"The biggest development potential of Polish agglomerations is wasted because of the ineffective spatial planning and lack of cooperation."
Investment process with/without land use plan

Local land use plan available → Provisions clearly formulated → Preparation of a construction design

Local land use plan unavailable → Request for an administrative decision → Extensive set of documents to be prepared by an investor for local authorities' analysis

Additional cost: participation of licensed professionals
2-month process + waiting period for decision
Obstacles to efficient land use planning in Poland

- Three-tier governance system: weak vertical coordination and information asymmetries increasing the risk of planning conflicts
- Decentralised execution: the preservation of the spatial order is a statutory obligation of municipalities, but only 30% of entities developed land use plans
- Inability of upper administrative levels to enforce strategic decisions, i.e. regional plans not binding for municipalities, proliferation of special acts
- Non-judicial mechanism for solving conflicts regarding land use decisions
- Planning focused on administrative borders rather than on functional areas
- Lack of digitalised plans slowing down property registration
- Compensation issues
Areas for improvement

- Strengthen the role of spatial development plans intended for new developments – not needed for areas already developed
- Improve technical and financial capacity of local authorities to prepare local land use plans
- Define deadlines for each step in administrative procedure to avoid delays
- Introduce a no judicial mechanism for solving conflicts concerning land use decisions
- Better incentives for joint inter-municipal investment planning
- Improve flow of information between different government levels to ensure greater coherence and avoid conflicts
- Increase the amount of digitalised land use plans
- No spatial plans required for selling property (no construction)
Measuring progress in implementing Recommendation #3

- Quickly starting the work on increasing number of regional and/or local spatial plans
- Gradually progressing (year by year) in increasing the proportion of land covered by spatial plans (from the current level of ca 30% for the entire country)

* * * * *

- Question for discussion:
  
  *Will the new Construction Code help to solve the problem?*
New Construction Code: A way forward?

Kodeks budowlany: Pozwolenie na budowę i zgłoszenie zastąpi zgoda inwestycyjna

Pozwolenie na budowę i zgłoszenie zastąpi zgoda inwestycyjna. Zniknie też opłata legalizacyjna, którą zastąpi podwyższony podatek od nieruchomości.

Ministerstwo Infrastruktury i Budownictwa kończy prace nad projektem kodeksu urbanistyczno-budowlanego.
Thank you for your attention!