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IMPACT OF LAND MANAGEMENT AND ADMINISTRATION ON THE URBAN PATTERNS IN SLOVAKIA

Abstract

Land is the precious asset, which is also one of the production factors. The efficient land use, good land management is thus one of the prerequisites of the national prosperity. The land should be properly used, administered and developed. The well-conceived land policy can enable to achieve such end. The land policy has been substantially changed after the fall of Socialist regime, which has the profound effect on the urban transformation in Slovakia

Land administration and management

Land administration comprises an extensive range of systems and processes to administer (Enemark, Capacity Building for Developing Sustainable Land Administration Infrastructures, 2003) The important part of the land administration is the land tenure, i.e. the allocation and security of rights in lands; the legal surveys to determine the parcel boundaries; the transfer of property or use from one party to another through sale or lease; and the management and adjudication of doubts and disputes regarding rights and parcel boundaries.

The important part of the land administration is the assessment of the value of land and properties; the gathering of revenues through taxation; and the management and adjudication of land valuation and taxation disputes. Proper taxation of land generates the necessary revenues for municipalities, so that they can fund the infrastructural development, implement the measures of the environmental protection, pay the municipal police, etc.

Proper use of land is not possible without the efficient control of land- use through adoption of planning policies and land use regulations at national, regional/federal, and local levels; the enforcement of land-use regulations; and the management and adjudication of land- use conflicts.

The last system is the land development which comprises the building of new infrastructure; the implementation of construction planning; and the change of land-use through planning permission and granting of permits.

These four systems are interrelated. The actual economic and physical use of land and properties influences the land value. The land value is also influenced by the possible future use of land as determined through zoning and land- use planning regulations and permit granting processes. And the land-use planning and policies will, of course, determine and regulate the future land development. (Enemark, Capacity Building for Developing Sustainable Land Administration Infrastructures, 2003)

An efficient system of land administration is necessary but not sufficient to ensure the best use of land as a resource. Land management can be described as the process by which the resources of land are put into good effect (Enemark, Land Management in Support of the

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Global Agenda, 2007). Land management is about land policies, land rights, property economics, land-use control, regulation, implementation, and development. Land management, this way, encompasses all those activities associated with the management of land as an asset and a resource to achieve sustainable development.

Land policy is a part of the national policy on promoting objectives such as economic development, social justice and equity, and political stability. Land policies may be associated with: security of tenure; land transactions and access to credit; sustainable management and control of natural resources and the environment; the provision of land for the poor; ethical minorities and women; land use and physical planning; real property taxation; measures to prevent land speculation and to manage land disputes.

Land and real estate markets

During the socialist times the absence of land and real estate markets had influenced negatively the structure of socialist cities. Densities and land allocation between different uses – mainly industrial and residential use – were not reflecting demand from consumers but were mostly based on administrative decisions aiming at minimizing input rather than maximizing values. (Kornai, 1992)

To understand better the impact of a socialist political regime on urban land use, it is necessary to summarize the principles upon which planning and investment decisions are based under a socialist ideology. The most important principle is that land had no monetary value per se (Bertaud & Renaud, *Socialist Cities without Land Markets*, 1997). Land was allocated on a “per need” basis. Planning norms would establish the amount of land which was required to build factories as well as apartments. The normative area of land required for each use was established per unit of output and therefore was the same whether the parcel of land was close or far away from the center of cities. Land, once allocated to an enterprise, could not be sold or leased to a third party. Unused land could only be returned to the state without compensation. This principle had a major impact on industries which were subject to technological change. Under this principle, factories could expand but not relocate, as the cost of relocation would be a net cost which could not be compensated by the sale of land of the initial site. Even when technology and operational concerns prompted managers to move the operations of these factories to more adequate locations, the land of the original industrial belt was not recycled but remained industrial, albeit with fewer jobs and industrial activities.

In spite of such practice, the Slovak cities maintained their European identity, but unfortunately they suffered from many spatial malformations. These spatial features inherited from socialism are: first, the residential estates of high density panel housing located in the suburbs; second, the abnormally high amount of obsolete industrial land located close to city centers; third, the lack of retail and service space in the city center; fourth, a weak and poorly maintained infrastructure which is inadequate to support the high residential densities found in the center; fifth, property rights problems and fuzzy tenure found mostly in centrally located areas which prevent their timely renovation or recycling; and sixth, an underdeveloped local taxation system which relies on transfer rather than on local resources. (Bertaud A. , 2004)

Under a socialist economy there was no land price profile, as land was distributed administratively. However, as soon as a market economy started to function in Central and

Eastern European cities, land bids aligned themselves along an exponential negatively sloped curve (Dale & Brzeski, 2001) as predicted by the monocentric model – while the density profile kept the shape it had acquired during the socialist period.

The functioning of the land markets depends to a large extent on the public policies. Unfortunately the public land policy is often contradictory, since it is being prepared by the different Ministries. The consequences of the implementation of these policies are often not foreseen in advance. Thus the Ministry of Finance may introduce land tax policies that bring about changes in land use that may run counter to what the ministry responsible for physical planning may have proposed. Similarly the Ministry of Justice may support fragmented ownership rights (as in Slovakia where one field may be owned in pieces hundreds of people) while the Ministry of Agriculture is struggling to maximize food production and minimize the fragmentation of the land. There are the different reasons why this happens. The continuity of the public policy development is often changed after the elections, the politicians are often unwilling to make changes, or sometimes they serve to the interests of the small lobbyist groups. The problem can be exacerbated by the lack of knowledge, the „socialistic legacy” – cast of mind, traditions, different priorities and interest. Also the organizational issues may play the important role, such as inefficient public administration, duplication of responsibilities, poor information and knowledge.

The legal aspects cannot be underestimated as well. During the relatively short historic area, the legislation has been profoundly changed, and it is no wonder that it is often contradictory. In spite of the aid of foreign expert, the transition countries did not have the adequate capacities to cope with this problem in an excellent way. Moreover there are the problems with the implementation and enforcement of such a complex legislation the consequences of which are not always well understood. In the last years we are witnessing the rapid changes of the social structures and the emergence of new political parties. Behind their populist and ideological rhetoric are often hidden the interests of powerful lobbies that are trying to profit from incomplete legislation that is in odds with the goals of the society as the whole.

The framework for market operations and regulatory processes were therefore developing slowly and the conditions necessary for market planning system were only gradually put into the place.

Land market forces are now again changing our cities. This is seen in particular in the high rents encountered in centrally located housing, in the lower rental values of suburban high density panel housing, and in the expansion of office and retail space in the centers at the expense of residential areas.

The transition to the market economy brought the restructuring of the construction sector. The number of big players has been reduced, many small and medium enterprises has emerged. The foreign companies with their know-how had been installed in Slovakia. The banking sector was profoundly restructured after 1998. Strong public ownership before 1998 generated a very large losses, and the banks were on the brink of the catastrophe. Later they were privatized by the foreign banks, and they became healthy. The mortgage credits were introduced only at the turn of century, life insurance companies and pension funds have also relatively short history. Gradually the development sector emerged, although the functions of the developers and construction companies are often mixed in practice. The number of the real estate agents grew. The new project financing tools had also added to the development of the real estate sector and real estate boom that preceded the economic crises at the end of the first decade of 21-the century.

Positive characteristics of former socialist urban space: high residential density, compactness of the cities, well defined urban boundaries large amount of public space accessible to urban residents, well developed system of public transit used by the majority of population, huge share of land in public ownership at government's disposal. Regrettably none of the planning systems in former socialist countries managed to preserve these tremendous urban assets (Stanilov, K. (ed.), 2007, p. p. 243). There is the question whether the planners could prevent such a negative development. The answer is no, because the nature of the post-socialist transition has inhibited it. The legal framework was changed dramatically, the local government experienced the sharp reduction in their ability to control the private initiatives, and moreover they did not have much experience how to do it. The culture of public-private partnerships is still being developed from the scratch. As the result of it the planners has marginalized, and inept in providing meaningful innovative solutions to the challenges thrown in their way (Stanilov, K. (ed.), 2007, p. 423). The transition is now almost over and planners appear to be reawakening from technical, rigid, and mostly land-use oriented planning in support of economic plans to process-based, participatory, and integrative planning activities (Nedović-Budić, 2001). The planners should now change their role: from active involvement in the interests of political and economical elite to active defenders of public interests, institutions and strategically thinking developers (Stanilov, K. (ed.), 2007)

Last two decades of urban transformation

As we have already mentioned, the value of real estate did not appear as assets in the industrial enterprises accounts. In addition, the socialist ideology gave a special prestige to manufacturing, which was also the art of the official propaganda. There were also very curious arguments for the development of industrial sites. Czechoslovakia, as other countries of former Communist block was officially governed by the working class. In fact it was ruled by the bureaucrats with higher education that were the members of the communist party. The management positions were almost exclusively reserved to the members of the communist party. The people who wanted to attain the higher position and better salary had the only choice – to become the members of the party. This was not however easy, because there existed requirement according to which, the majority of the members of Communist party had to be recruited from blue collars. Thus, the towns were actively searching the allocation of new industries that would bring more workers, which would strengthen politically the cities and enabled the people with higher education to become the members of the ruling elite.

The redevelopment of old manufacturing areas for new uses began ten years ago in post-socialist Eastern European cities. In Bratislava 40% of the former industrial areas has become brownfields. (Stanilov, K. (ed.), 2007) So far, the old industrial sites have been replaced mostly by offices and shopping centers. However, the supply of convertible premises is large, and plenty of properties are still waiting for new uses and users, even in most central locations. The large brownfield location near the Centre of the city may be also considered as the reserves for future socially beneficial development.

In the turn of century the Slovak government substantially relaxed the control of the agricultural land and enabled it to develop for industrial and other use. This way it opened the space for further urban sprawl, and for further relocation of the industries outside the city centers. Such policy was the reaction for high unemployment and reflected the effort of the government to attract the foreign direct investment to the country, hoping to reduce the unemployment level. In most cases the foreign companies were not willing to redevelop the

existing brownfields, because of the inherent risks. The relaxed control of agricultural land together with the economic reforms has enabled successfully to bring the new jobs into the country. At the same time it probably had reduced the interest of developers to redevelop some of the existing brownfields.

After 1989 the Slovakia as well as the other Eastern and Central European cities had to face the massive de-industrialization – a rapid structural change which they have to master. Consumption and production patterns have been fundamentally rearranged. Western European and North American multinationals fight over future market shares in the region, strategically developing hypermarkets and other big box retail stores on greenfield sites along major access roads, thus increasingly fostering a culture of automobile dependent consumerism. The privatization of the housing stock is a central planning problem in the cities, as are the transportation and environmental consequences of urban sprawl (National Urban Policies in the European Union, 2004).

Land allocated to housing during the socialist period was also following uniform norms, whatever the location of the site. By adopting the new technologies used for the construction this norm was gradually changed. Prefabricated panel systems, which became universally used for housing in Slovakia from the 60s onward, permitted to build higher blocks of apartments, decreasing the normative land requirements. The density of large apartment projects was not linked, therefore, to their location within the city, or to perceived demand or the price of land, but to the technology used at the time of construction (Buckley & Mini, 2000). Because the evolution of panel technology allowed building higher and higher structures over time, the most recent housing projects had usually the highest density.

It is important to note that the increase in density with distance from center was not a deliberate spatial policy but a side effect of the administrative land allocation system. It should be noted that the use of normative land use standards independent of location demand for housing was not a practice unique to socialist economies. Many market economy cities of Western Europe – France, Belgium, Holland, for instance – used prefabricated system based on government established norms to build subsidized housing for low income households in distant suburbs. The densities, site design and location of these housing projects were not very different from their socialist counterparts in Central and Eastern Europe. The only difference is that these types of high density residential projects were not built anymore after the mid 60s and they usually represented only a fraction of the new housing stock built each year.

The construction of the family houses was tolerated in former Czechoslovakia and later even supported by government. The subsidies for the panel neighborhood and their heating represented very heavy burden for the government and a time moment the government has found it less expensive to support the construction of family houses in the country areas.

After the collapse of state socialism and consequent transformation from a planned to a market economy, city centers have become again the focal point of urban development in Eastern Europe. The transformation, on the one hand, changed the principles of production of the urban environment. The real estate market was introduced, including private property ownership and new agents in private sector such as real estate developers. On the other hand, it triggered economic growth in the (post-industrial) service sector, financial intermediation, insurance and commerce; together, these gave a rise to a demand for new kinds of commercial spaces in central locations in major cities (Kok & Kovacs, 1999)

Since the 1990s, development of city centers has been characterized by filling in the existing urban structure with new buildings and by increasing density. As a part of the process, redevelopment has also begun in the areas formerly used by manufacturing industries.

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