A COMPARATIVE ANALYSIS OF BUILDING PERMITS PROCEDURES IN SLOVENIA AND CROATIA: DEVELOPMENT OF A SIMPLIFICATION MODEL

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Abstract
The paper analyses the procedural stages for obtaining a permit in Slovenia and Croatia, based on the legal requirements, additionally concerning the number of stages and the investors’ costs based on World Bank data (Doing Business). It analyses the differences and similarities but also the advantages and disadvantages in the area. It reveals a generic model based on common characteristics of the procedures in both countries and provides guidelines for renewing and complementing the current process for obtaining building permits. The article’s results reveal procedural and other deficiencies and possible improvements of dealing with construction permits in both countries.

Keywords: construction permits, procedural model, Slovenia, Croatia, comparative case study.

1. INTRODUCTION
The construction industry plays an important role in the economy, and the industry’s activities are also vital to the achievement of national socio-economic development goals of providing shelter, infrastructure and employment. It is clear that construction activities affect nearly every aspect of the economy and that the industry is essential to the continued growth of the economy. Surprisingly, the construction industry has been left off the list of major growth drivers of the economy. In order for construction to ably perform this role, there is a need to provide information on its economic value, and its place in the overall economy of a country needs to be placed in perspective if its function is to be fully understood (Oladinrin et al. 2012).
The construction sector is mostly influenced by building regulations and public investment in terms of cyclical stabilization of macro-economic trends. Furthermore, it is affected to a large extent by other legislation; like protection of the environment, energy efficiency, safety at work, social security, VAT, liability regimes, public procurement, and so forth. The competitiveness of the construction sector depends on the commitment of the market operators towards a better quality policy, sustainability development objectives, research and innovation activities and improved skills and qualifications of its workforce and management (EU 2015). Fact is, that the construction sector productivity and witness steady growth is convenient compared to a number of other sectors. Even in the time of current economic downturn it performed better than the overall economy average. In the UK for example, construction sector employs for about 7.5 per cent of all employment, making it the second largest sector of UK employment (Misago 2008).

Building regulations set minimum requirements for safe, healthy, energy-efficient and accessible buildings. To guarantee that these requirements are met, a building control system is imperative. The trend towards a common market for construction products and services justifies gaining a better insight into the building control systems of EU counties. According to Pedro et al. (2011), the way the regular building permit procedure is organized is similar in EU countries, while no major differences were found concerning the various steps of the procedure.

Our paper addresses the building permit procedures in two EU countries, Slovenia and Croatia. These two countries were chosen because of their similar administrative history and procedure, resulting from their membership in the former common state and the common administrative clime. Another common point of these countries is their geographical proximity and membership in the EU. From this perspective, the article analyses on one hand the differences and similarities and on the other the advantages and disadvantages in the area of obtaining building permits. Based on the findings, the paper reveals a generic model of obtaining building permits which summarizes the common characteristics of the procedures in both countries. In addition, the paper identifies the main problems of the building permit procedures and provides guidelines for renewing and complementing the current process for obtaining building permits, while simultaneously contributing to the simplification and greater transparency of the process itself as well as the enhanced efficiency of the institutions involved.

The paper focuses primarily on the following research objectives:

- to review and describe the procedures for issuing a building permit in Slovenia and Croatia;
- to identify the main shortcomings and obstacles in the issuance of building permits in the selected countries; and
- to present the model refurbishment of the existing building permit procedures in the countries.
In terms of methodology, the research survey is based on interviews with experts from Slovenia and Croatia. The sample of 30 (15 Slovenia, 15 Croatia) interviews was based on experiences in the area of issuing building permits.

The introductory section is followed by the methodological framework of the research. The third section presents the research results and the analysis. The discussion, applicability of the results, limitations of the research and opportunities for further work in this area are presented in the conclusion.

2. LITERATURE REVIEW

Well-functioning building permit and inspection systems can strengthen property rights and contribute to the process of capital formation. Conversely, overly complicated construction rules can increase opportunities for corruption and rent-seeking. Therefore, simplicity, transparency, effective enforcement and awareness of the consequences of poor construction regulation are likely to have a greater impact than voluminous, but poorly enforced regulation of the construction process. Moreover, because of the construction processes inherent heterogeneity in terms of products and users, they need special and comprehensive regulation. Hence, the effective and balanced regulation of construction sector activities is indispensable for protection of the public interest on one hand, and the promotion of economic development on the other (Moullier 2009).

The construction industry is divided into three major segments according to the type of contractors (Olanrewaju 2014: 5):

- general contractors who build residential, industrial commercial and other buildings
- heavy and civil engineering construction contractors who build sewers, road, highways, bridges, tunnels, sub-way and other projects
- special trade contractors who engage in specialized activities such as carpentry, painting, plumbing and electrical works.

The activities of the industry include work on new structures as well as additions, alterations, and repairs to existing ones. The construction is usually done or coordinated by general contractors who specialize in one type of construction or the other. The general contractor usually takes full responsibility for the complete job, except for the specified portions of the work that may be omitted from the general contract.

The economic effect of construction industry (sector) is very important. The literature reveals that the main economic indicators (GDP, inflation rate, unemployment rate, and so forth) are normally closely
correlated and interdependent with the construction activity, especially with the office building market. The behaviour of the office market is a consequence of overall economic trends and performance. Observing an expanding economy, the economic performance will lead to increased demand for office buildings, while in the crisis-affected economy, economic downturn will result in decreasing demand for office buildings (EU 2011). There is also some literature explaining housing segment of constructions. It reveals that the building permits are driven by or at least reflected in the consumer expectations of future economic activity. Having the expectations of future income decline, the consumers do not normally invest in housing or take credit to finance dwelling acquisitions. The correlations between the expectations and building permit applications were analysed and results revealed a significant decline in permit issuance applications in the period 1-2 years before the recession. The above factors and their mutual dynamics have appreciably affected a delicate balance on the labour market and have influenced the increased number of job losses during the past several recessions (Strauss 2013). Since the majority of buildings in EU are residential, the latter findings are all the more noteworthy.

The importance of building permit data and legislation was first studied almost 70 years ago by Cover (1932). He argued that “permits are an instrument to measure building activity…”. Their significance as barometers depends not only upon a differentiation among types of buildings, numbers of permits and permit values, but, in addition, upon the power and efficiency of local permit officers and the collective adjustments in the process of analysis (Misago 2008). To conduct building activity measurement, it should be looked at the general economic indicators nowadays. In terms of GDP, last decade was one of economic stagnation, while cumulative economic growth of EU 27 reached only 5.9 per cent from 2000 to 2010. Even more important is the investment component of the GDP (GFCF), which is a sign of economic recovery consolidation and has been still decreasing (- 0.6%) in 2010. Only Germany, Italy, Luxemburg, Malta, Poland, Slovakia, Finland, Sweden and UK have increased their “investment GDP”, showing also the general GDP growth rates, while countries from the south of Europe (Portugal, Italy, Greece and Spain), Ireland and some Eastern countries (Bulgaria, Romania, Latvia, Slovenia) have been in economic recession or stagnation (EU 2011).

Literature review and highlighted arguments concerning wider socio-economic aspects of the building permit legislation and procedures reveal that this elusive and complex research field is still in its infancy and requires multidisciplinary and multilevel approaches. The disciplines of engineering, economy, sociology, environmental protection, law and even philosophy provide a wide range of knowledge and challenges for further research experiments concerning this topic. Nevertheless, there are some global tendencies in this increasingly important field. Based on the number of surveys of historical and jurisdictional practice, Ogus (2002) identifies global tendency in singling out this area from central
government control (deregulation trends), stressing that the extent of deregulation among countries varies. The scarce literature additionally reveals, that research generally tends to focus on more emphasized aspect of social regulation than economic regulation (Meijer and Visscher 2006). Another strong trend can be observed in USA as a federalized political system, where the local governments were empowered as the »creatures of the State« (Chen 2009).

3. METHODOLOGY

The research is based on a comparative case study approach. Separate case studies on building permit issuing procedures in Slovenia and Croatia were carried out in the period from January to March 2015. The case study research design was selected due to the specific characteristics of the issues addressed and the lack of comprehensive and empirically supported research in this area (Yin 2009). The data collection process in the first phase included a literature review, while the empirical validation of the research constructs in the final phase was primarily based on structured interviews with prominent experts in the field. All ambiguities concerning the interview questions or answers obtained were eliminated in an iterative interview/communication process with the experts.

The selection of potential interviewees was largely based on their expertise in the field of building permit procedures. In Slovenia, we selected 15 well-experienced and highly qualified experts from different administrative units (there are 58 administrative units in Slovenia). The 15 interviewees in Croatia were selected from the Ministry of Construction and Physical Planning as well as the administrative body of the City of Zagreb and Zagreb County. Sufficient knowledge of the administrative and organisational characteristics of the building permit issuing procedures was supposed to ensure the reliability and integrity of their observations. The total sample from both countries consisted of 30 (n=30) prominent experts from the different administrative public bodies responsible for issuing building permits. The interviewees were usually senior officials with an average of more than 15 years of work experience, aged between 40–60 years. The ratio between men and women was 1:4.

At the start of the interviewing process, the questionnaire was tested through pilot interviews. The questions were amended for clarity and reduced to the minimum number required to meet the objectives of the research. The final set of questions used is presented in Table 1. The interview consisted of four open-ended questions derived from the general problematics and related to the case study research objectives. The interviews were conducted via e-mail in both countries, and the response rate was approximately 80 per cent. All interviewees were explained the aims of the case study and provided consent to use their answers in the research. The interviewees were guaranteed anonymity and confidentiality. Authorisation of the interviews was not required.
TABLE 1 - INTERVIEW QUESTIONS

<table>
<thead>
<tr>
<th>S/N</th>
<th>Interview questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>What is the current situation regarding the issuing of building permits and what are the reasons for that situation?</td>
</tr>
<tr>
<td>2.</td>
<td>Can you assess the main weaknesses (and strengths, if any) of the current building permit issuance procedures?</td>
</tr>
<tr>
<td>3.</td>
<td>What are your suggestions for improving the building permit issuing procedures (in different areas: procedural, legal, operational, organizational etc.)?</td>
</tr>
<tr>
<td>4.</td>
<td>Can you identify the factors that have the greatest impact on the quality/efficiency/speed of building permit issuing procedures?</td>
</tr>
</tbody>
</table>

Source: own (2015)

Final analysis of the data obtained and the subsequent construction of the improved building permit issuance model were carried out in cooperation with the interviewees. The participants were actively involved during the entire research, whereas the enhanced building permit issuing procedure was ultimately established through intensive communication and mutual collaboration.

4. RESULTS OF THE RESEARCH

4.1. Review and description of the procedures for issuing a building permit in Slovenia and Croatia

The first research objective (to review and describe the procedures for issuing a building permit in Slovenia and Croatia) was achieved by reviewing the legislation and literature in the spatial and environmental fields. Besides procedural stages, the duration and cost of each stage were studied according to IMF Doing Business data.

In Slovenia, in the area of building permit procedures a variety of different interests are intertwined, ranging from the interests of natural and legal persons to the interests of the state and municipalities. Certainly, this fact is connected with the existence of an enormous number of legislative acts, such as the Building Act, the Physical Planning Act, the General Administrative Procedure Act, and so forth. The purpose of the regulation of construction matters is not the bureaucratization and restriction of investors, but the protection of the public interest in a way that enables economic development (with restrictions on the exercise of property rights and free economic initiative to the extent needed to protect the public interest).

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1. E.g., the property right, implemented in the right to build, is one of the basic human rights enacted in the Constitution of the Republic of Slovenia (Article 33). The Constitution, on the other hand, restricts this building right in order to protect the public interest (Article 67) or the right is restricted by others (Article 15). The Constitutional protection of property is also connected to the freedom of business initiative and consequently allows the development of a market economy.
The first stage in this long-lasting and complicated process is the decision of an investor to build. This decision is consequently related to identification of the proper land (land selection). The land identification stage includes a few sub-stages, among which the spatial planning document is one of the most important. Its acquisition falls within the jurisdiction of local government. This document is crucial for determining the possibility and conditions of an investor’s building plans. If building is possible according to the spatial planning document, the investor can obtain a document called location information or information about land usage, which consists of all pertinent information concerning the purpose and conditions of the land usage/potential building plans. It is important to highlight that the spatial planning document is a necessary but not a sufficient condition for obtaining a building permit.

The status of the construction land according to the spatial planning document does not necessarily mean the investor has a real possibility to build. Besides the location information, the investor has to provide additional information about the financial status of the land (communal fee, compensation for changing the use of agricultural land, evidence from the register of public infrastructure, and so forth).

The second procedural stage for obtaining a building permit entails a project elaborate in which the investor signs a contract with a constructor/architect. An authorized person prepares the project documentation, which consists of the conceptual design, the conceptual project, the project of the building permit, the project of the execution of building activities and the project of the implemented building activities.

The third stage involves requesting the building permit, which should be submitted at a special administrative unit (decentralized organizational units of the national government providing administrative services on behalf of different ministries). The request consists of project documentation obtained from the constructor (architect), evidence of the right to build (in case the right is not evidenced in the land register) and an additional copy of the project documentation in case the investor specifies in their application that the request for a communal fee should be submitted by the administrative authority on behalf of the investor. The competent administrative authority convenes a hearing procedure. The absence of the clients involved from this hearing implies the approval of the building process, although at the same time clients have the possibility to submit a written statement of complaint before the end of the hearing. Any appeal by the clients involved in the building permit process regarding the disapproval of building should be submitted in written form and supported with material evidence. In case the investor has acquired written approval to build from all people implicated in the process, a hearing is not

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2 Exemptions from building permit procedures are so-called simple facilities and facility maintenance.
3 If the facility in question is of special national importance, the investor should apply to the Ministry of the Environment and Spatial Planning.
required. Besides the hearing or written evidence from the clients involved, the competent administrative authority should verify whether:

- the project corresponds to the spatial planning document;
- the project documentation was prepared by a natural/legal person that meets the legal requirements;
- the project documentation contains all the required components and consents;
- all the levies and contributions/fees have been paid;
- the investor has a legal right to build; and
- the project documentation provides evidence that the proposed facility is connected to the public utility service.

The final procedural stage includes the issue of the building permit. The legal deadline is defined as one month from receipt of a complete application or two months in case a special ascertainment procedure is needed. The building permit should be served on the investors, other implicated parties and authorities, which took part in issuing the permit. After the construction has finished and the technical inspection has been completed, the investor should apply for a use permit. The application consists of a reference to the building permit (number and date), the geodetic plan, and evidence of the construction reliability. The stages in obtaining a building permit in Slovenia are presented in Table 2.

<table>
<thead>
<tr>
<th>No.</th>
<th>Procedure</th>
<th>Time to complete</th>
<th>Associated costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Obtain the location information</td>
<td>0.5 days</td>
<td>EUR 18</td>
</tr>
<tr>
<td>2</td>
<td>Obtain project approval from the water and sewage provider</td>
<td>30 days</td>
<td>no charge</td>
</tr>
<tr>
<td>3</td>
<td>Apply for and obtain a building permit from the Administration Unit Ljubljana</td>
<td>60 days</td>
<td>EUR 773</td>
</tr>
<tr>
<td>4</td>
<td>Hire a geodesist company to conduct marking out before construction and after construction</td>
<td>1 day</td>
<td>EUR 960</td>
</tr>
<tr>
<td>5</td>
<td>File the report of the construction site with the Labour Inspection Agency</td>
<td>1 day</td>
<td>no charge</td>
</tr>
<tr>
<td>6</td>
<td>Request a licence for use and receive a technical examination by the Administration Unit Ljubljana</td>
<td>45 days</td>
<td>EUR 272</td>
</tr>
<tr>
<td>7</td>
<td>Obtain the licence for use</td>
<td>12 days</td>
<td>EUR 19</td>
</tr>
<tr>
<td>8</td>
<td>Apply for a water and sewerage connection</td>
<td>1 day</td>
<td>EUR 9,000</td>
</tr>
<tr>
<td>9</td>
<td>Receive an inspection for water and sewage connection</td>
<td>1 day</td>
<td>EUR 60</td>
</tr>
<tr>
<td>10</td>
<td>Obtain water and sewage connection</td>
<td>30 days</td>
<td>no charge</td>
</tr>
<tr>
<td>11</td>
<td>Register a warehouse with the Land Registry and the Regional Surveying and Mapping Authority</td>
<td>45 days</td>
<td>EUR 19</td>
</tr>
</tbody>
</table>

In the Republic of Croatia, there are a few legal acts concerning the building permit procedure. The most important are the Building Act, the Physical Planning Act, the General Administrative Procedure Act, and so forth. Based on these, the procedure for issuing a building permit can be divided into three stages: (i) the preparatory stage; (ii) the stage prior to the issue of a building permit; and (iii) the stage of submitting the application and obtaining the building permit.

The preparatory stage primarily entails verification of the feasibility of an individual undertaking. The initial document is the physical plan which comprises a textual part (provisions for implementation of the physical plan) and a graphic (cartographic) part. The physical plan is pursuant to a by-law (which implies observance of certain principles and nomotechnical standards in its formation and application). It is also necessary to verify the conformity of the procedure with the urban development plans and with special regulations, for example, requirements (requirements which depend on the building type, location of the undertaking, on the connection requirements). Location information is a non-administrative act, which the administrative bodies in whose area the land is located must issue within eight days. Location information contains information on physical plans of all levels whose scope encompasses the land, intended use of the area and all other requirements for carrying out the undertaking in the area; the obligation to issue urban development plans, and so forth.

That is followed by a procedure prior to the issuance of a building permit. At this stage, three actions are especially important: verification of the necessary acts and building permit (for example a location permit); drafting of the final (preliminary) design (harmonized with laws and by-laws); obtaining the final design verification (based on harmonization of the project with special regulations and/or requirements).

The building permit has four main features: legal validity (the investor shall bear the responsibility and risk of the construction based on the executive permit); the building shall be built only in accordance with the permit; a building constructed without a permit cannot be connected to water utility installations; and a building permit has no legal effects regarding the ownership and does not represent the legal basis for gaining ownership rights over the real estate.

Documents prescribed by law must be enclosed with the application for the issue of a licence, depending on the building type (for example: if a location permit is necessary). If the building in question does not require the issuance of a location permit, the following must be enclosed with the application:

- three copies of the final design;
- a statement by the designer that the final design was drafted in accordance with the physical plan and other regulations.

4 If the building in question also requires a location permit, the investor must enclose the location permit and the legally prescribed documents.
A written report on control of the final design if such control has been prescribed;
- a certificate of the validation of the final project if the project was drafted in accordance with foreign regulations;
- certificates from public law bodies certifying that the final project was drafted in line with special regulations, for example: special requirements and/or proof that an application was submitted for the issue of such certificates, establishment of the requirements if the said certificates were not issued within the prescribed time period;
- a certificate from a public legal body certifying that the final project was drafted in accordance with the decree on the acceptability of the environmental protection if the subject is an undertaking in an area for which, in accordance with a special regulation, a procedure to evaluate the environmental impact and/or acceptability assessment of the undertaking for the ecological network must be carried out;
- proof of a legal interest in the issue of the licence; and
- if the subject is a building for which a special act prescribes who can be an investor, then proof that they are eligible to be an investor.

After submitting the application, the construction industry body must first verify if the following requirements for the issue of the permit have been met (necessary documents, prescribed certificates, final design drafted in accordance with the requirements for implementing the undertaking in the area prescribed by a physical plan, project drafted by an authorized person, final design properly marked, the main design drafted in a way which precludes any changes to its contents or replacement of any part thereof, Urban Development Plan enacted). If all of the aforementioned requirements have been met and the building plot, for example, the building, can be connected to the traffic surface, public sewage water system and low-voltage electric grid, the competent body is obliged to issue the building permit.

Prior to issuing the permit, the body must allow the party in the procedure to inspect the file so that the party can make a declaration. The party can be given a period of 8 days in which the party must declare its opinion on the intended construction in writing. If a party fails to declare its will within the aforementioned period, it shall be assumed that the party was given an option to inspect the file and that the party had no objections.

The building permit (for example: a decree on rejection of the application) is delivered to the investor, as well as parties to the procedure and administrative bodies of the units of local self-government.
competent for professional work on physical planning and for determining the amount of utility and water contribution. The utility contribution is a pecuniary public charge imposed on the construction and use of utility infrastructure. The liable person is the owner of the land on which a facility is constructed, or the investor. In general, income from the utilities contribution (and utility fee) amounts to 20 per cent of all income in city and municipal budgets (Rogić Lugarić 2015). The deadline for issuing the building permit is 60 days from the day a proper application was submitted. An appeal may be lodged, for example, an administrative dispute may be initiated against the building permit. If the investor fails to start construction within three years after the time the permit became legally valid the permit shall cease to be valid.

After obtaining the construction permit, the investor shall report on the beginning of the construction works in writing no later than eight days before the construction works begin. The report shall contain the elements prescribed by law, e.g. the date of issuing the construction permit, the contractor and the monitoring engineer, evidence of forming the building plot. The competent body shall within five days of receiving the report inform the relevant bodies, for example: the construction inspection, the work inspection, the bodies competent for establishing the utilities service and water payments.

Considering the importance of tourism in Croatia, the representative body of the local unit can establish for specific types of buildings in a specific area the period of the coming calendar year and the time when earth work and building construction work may not be carried out.

The constructed or reconstructed building can only start being used once the operating permit for that building has been issued. The request for issuing the operating permit shall be submitted by the investor or owner of the building. After receiving the aforementioned request, the Ministry or competent administrative body shall within 30 or 15 days carry out a technical inspection of the building. The objective of the technical inspection is to establish the construction’s conformity with the construction permit (one of the important characteristics of the permit, see above) or with the final design. The participants of the construction, the public law bodies that established the special conditions in the

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6 The funds collected in the form of utility contribution are earmarked for financing the following municipal services: sanitation of public surfaces, maintenance of public surfaces, maintenance of unclassified roads, cemeteries and crematoriums, street lighting. The utility contribution per m³ is calculated by multiplying: 1. the value of the calculation unit - point (B), expressed in HRK per m³ (hereinafter: the Point Value); 2. zone coefficient (Cz); 3. purpose coefficient (Cp).

7 Based on a previously obtained opinion of the municipal or city tourist association.

8 This decision cannot refer to e.g. buildings or work for the construction or performance of which the interest of the Republic of Croatia has been established.

9 Or adopt the decision on carrying out work in that building

10 The following are, for example, submitted along with the request: a copy of the construction permit, or a copy of the design for the building which can be constructed or work which can be carried out based on the master design; data on participants in the construction; a written statement from the contractor on having carried out the work and conditions for building maintenance; the final report of the monitoring engineer on performing the constructing; the energy certificate.

11 For buildings for which the issuing of a construction permit is not necessary (so-called simple buildings).
process of issuing the location or construction permit, independent experts (based on the assessment of the competent body) and, in exceptional cases for specific types of constructions, the investor and other construction participants are summoned for the technical inspection.

**Table 3 - The Stages in Obtaining a Building Permit in Croatia**

<table>
<thead>
<tr>
<th>No.</th>
<th>Procedure</th>
<th>Time to Complete</th>
<th>Associated Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Request and obtain list of Special Conditions needed for construction</td>
<td>1 day</td>
<td>HRK 20</td>
</tr>
<tr>
<td>2</td>
<td>Obtain notification on conditions from the Inspectorate for Fire at the Ministry of Interior Affairs</td>
<td>30 days</td>
<td>no charge</td>
</tr>
<tr>
<td>* 3</td>
<td>Obtain notification on conditions from the National Croatian Electric Grid</td>
<td>30 days</td>
<td>HRK 225</td>
</tr>
<tr>
<td>* 4</td>
<td>Obtain notification on conditions from the waste collection department</td>
<td>30 days</td>
<td>no charge</td>
</tr>
<tr>
<td>* 5</td>
<td>Obtain notification on conditions from the Local Water Authority</td>
<td>14 days</td>
<td>no charge</td>
</tr>
<tr>
<td>* 6</td>
<td>Obtain an excerpt from the Land Registry for subject and bordering lands</td>
<td>1 day</td>
<td>HRK 20</td>
</tr>
<tr>
<td>* 7</td>
<td>Obtain a possession list for subject and bordering lands</td>
<td>1 day</td>
<td>HRK 70</td>
</tr>
<tr>
<td>* 8</td>
<td>Obtain a copy of the cadastre plan</td>
<td>1 day</td>
<td>HRK 110</td>
</tr>
<tr>
<td>9</td>
<td>Request and receive a building permit</td>
<td>30 days</td>
<td>HRK 9,471</td>
</tr>
<tr>
<td>10</td>
<td>Obtain a decision from the Municipal Authority regarding utilities</td>
<td>22 days</td>
<td>HRK 292,635</td>
</tr>
<tr>
<td>11</td>
<td>Pay the water contribution to the state company Croatian Waters (HrvatskeVode)</td>
<td>15 days</td>
<td>HRK 87,010</td>
</tr>
<tr>
<td>12</td>
<td>Submit a commencement notice</td>
<td>1 day</td>
<td>HRK 20</td>
</tr>
<tr>
<td>13</td>
<td>Receive clearance from the waste collection department</td>
<td>30 days</td>
<td>no charge</td>
</tr>
<tr>
<td>* 14</td>
<td>Receive clearance from the Sanitary Inspectorate</td>
<td>24 days</td>
<td>HRK 70</td>
</tr>
<tr>
<td>* 15</td>
<td>Receive clearance from the Inspectorate for Fire at the Ministry of Interior Affairs</td>
<td>3 days</td>
<td>no charge</td>
</tr>
<tr>
<td>* 16</td>
<td>Receive clearance from the labour inspectorate regarding noise protection and work safety</td>
<td>1 day</td>
<td>no charge</td>
</tr>
<tr>
<td>* 17</td>
<td>Receive a random inspection from the Municipality</td>
<td>1 day</td>
<td>no charge</td>
</tr>
<tr>
<td>18</td>
<td>Obtain a water and sewage connection</td>
<td>20 days</td>
<td>HRK 8,000</td>
</tr>
<tr>
<td>19</td>
<td>Apply for an occupancy permit</td>
<td>1 day</td>
<td>HRK 20</td>
</tr>
<tr>
<td>* 20</td>
<td>Receive the final inspection</td>
<td>1 day</td>
<td>HRK 2,040</td>
</tr>
<tr>
<td>21</td>
<td>Receive the use permit</td>
<td>35 days</td>
<td>HRK 9,471</td>
</tr>
</tbody>
</table>


The basic obligations of the investor in the process of the technical inspection are to: (i) make the technical inspection possible; (ii) provide all the necessary documentation; (iii) collaborate with the leader for issuing the operating permit who manages the technical inspection (as a so-called participant in the construction). A record of the inspection carried out is produced, containing the elaborate opinion of the public law body on the building being constructed pursuant to the construction permit and the special regulations and/or conditions. In case the administrative body does not provide an opinion, it

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12 He shall also cover the travel costs and the per diems of the representatives who participated in the technical inspection if it is carried out outside the town of the headquarters or subsidiary of the construction company, or the address of another person taking part in the technical inspection.
shall be considered that it is in favour. Within eight days of the technical inspection being carried out, the operating permit for the constructed building or for work based on the construction permit shall be issued under the following conditions:

- that all the necessary documentation was provided along with the request for issuing the permit;
- that the building is constructed pursuant to the construction permit;
- that the building is connected to the traffic surface and other buildings and devices of utility services or other infrastructure; and
- that the temporary buildings are constructed within the preparatory work area, that the unused construction and other material, waste, and so forth, has been removed, and the construction area and access area made orderly.
In addition to the aforementioned, a temporary operating permit can be issued (for a period of 90 days) and an operating permit for part of the building. If the operating permit was issued for the building, the building shall be registered in the land register. The stages in obtaining a building permit in Croatia are presented in Table 3.

According to the stages involved in obtaining a building permit in Slovenia and Croatia, as well as the literature review in this field, we can generalise a few major points (stages) in this administrative process (Figure 1). They are common to building permit procedures in EU countries (Visscher and Meijer 2011).

4.2. Identification of the main shortcomings and obstacles in the issuing of building permits in the selected countries

The review and analysis of the interviewees’ replies enabled several factors to be identified that make the entire building permit obtaining process longer, less efficient and more complicated than it should be. The identified sets of factors and specific causes within them are listed below:

1. **Organizational factors**
   - A greater number of incomplete applications for a building permit before the enactment of executive acts or zoning maps;
   - The submitted applications are incomplete, not professionally prepared and uncoordinated with the zoning maps;
   - Complicated verification procedures imposed by the spatial and environmental legislation;
   - Long-lasting procedures due to side participants’ complaints;
   - The lack of project designers’ knowledge (especially legal) and lack of officials’ technical knowledge.

2. **Normative factors**
   - Inadequate and extensive legislation in the field of building permits;
   - Legislation that tends to be mutually uncoordinated and overly complicated;
   - Numerous problems caused by the non-compliance of physical plans/zoning maps with new regulations, unstandardized terminology and ambiguous provisions in certain physical plans;
   - Zoning maps are normatively too complicated and unavailable in electronic form.

3. **Spatial (environmental) factors**
   - New pre-approval authorities (environmental department or utilities) can get in the way, and add unreasonable requirements to investors;
   - Excessive regulatory requirements of environmental legislation;
   - Outdated zoning maps that do not allow modern constructions (optical networks, sewage treatment plants, constructed lakes);
   - Uncategorized local roads (authorization easement) or categorized private roads.
4. **Vertical and horizontal coordination and organization participation**
   - A dysfunctional relationship between local and central authorities on building enforcement issues (lack of good communication, different priorities at the local level and poor local enforcement capacity);
   - Every local authority enacts its own specific rules for zoning maps (uncoordinated with national plans and guidelines);
   - Unresolved issues concerning jurisdiction and the responsibility of administrative unit departments and municipal authorities.

5. **The stakeholders and their role in the process of issuing building permits**
   - Confusing and uncoordinated interpretation of legislative acts, especially because of the wide range of legal knowledge and skills the lower officials should possess (administrative procedure legislation, spatial and environmental legislation, technical and building legislation, and so forth);
   - Increased possibility of official errors due to the extensive and demanding spatial and environmental legislation;
   - The legal culture of stakeholders.

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**Figure 2 - Refurbished model of the building permit procedures**

Source: own (2015)
A COMPARATIVE ANALYSIS OF BUILDING PERMITS PROCEDURES IN SLOVENIA AND CROATIA:
DEVELOPMENT OF A SIMPLIFICATION MODEL

Presentation of the model refurbishment of the existing building permit procedures in the two countries

Analysis of the interviewees’ replies enabled the construction of the refurbished model of the building permit procedures including all critical factors outlined in the previous section. Its structure is illustrated in Figure 2.

5. DISCUSSIONS

In spite of the expected findings, it is very difficult to achieve reform measures in practice because non-compliance and the identified barriers extend to many different and complex areas. The effective regulation of the stages in obtaining building permits also requires radical changes to both the vertical transfer of jurisdictions of public authorities, as well as better horizontal coordination among all stakeholders. The environment (spatial) field is regulated by no less than 100 regulations that are problematic in themselves due to stiffness, a lack of transparency and constant change on the sides of both policy performers and citizens.

The research revealed that the most frequently cited obstacle in procedures for obtaining a building permit in both countries is the discrepancy between the provisions of the physical plan (zoning map) and the provision of the Building Acts, by-laws and higher level plans. In Croatia, the Building Act stipulates that in the event of a discrepancy between the provisions of the physical plan and the provisions of the Act, by-laws and higher level plans and wider scope plans, the provisions of the Act and by-laws shall apply and not the provisions of the physical plan. We would like to emphasize that such organization further complicates the entire procedure given that it “forces the investor to verify all plans of all levels for a certain area, to evaluate their mutual harmonization and finally, the conformity of it all with the Act and by-laws” (Croatian Chamber of Architects 2014).

However, the intention of the legislative body to simplify and shorten the procedures is clearly visible. In Croatia, in accordance with the ‘new’ Physical Planning Act interested parties can obtain so-called location information, while in Slovenia the investor can provide all other ‘pre-approval’ (land use planning, national or world heritage issues, the environment, fire protection, and so forth) guarantees to the authority for obtaining a building permit.

The comparison revealed that in both countries one of the conditions for obtaining a building permit is the payment of utility and water contributions upon the finality of the building permit. In Croatia, this solution is new and has been criticized by the Association of Cities which advocates the previous payment model in which the payment of utility and water contribution was a prerequisite for the issue of
a building permit. The criticism of the Association of Cities is easier to understand if one keeps in mind the financial significance of the aforementioned public fees, especially the utility contribution. As an argument for retaining the previous payment model, the Association points out that “in practice it has proved itself to be a very good solution and that it was no obstacle for serious investors (....). Such wording will cause insecurity (...), and create an increased number of more difficult, more complicated and more costly subsequent payment procedures”. It should also be pointed out that the system for collection of one’s own income, especially in the area of organization and collection control, is one of the most frequently pointed out problems in the Croatian system of local and regional self-government.

According to an assessment of the State Audit Office “income collection is not sufficiently effective” (State Audit Office 2013), a fact for which the vague and imprecise regulations are partly ‘to blame’ as well as the inertness and tardiness of the local units themselves.

6. CONCLUSIONS

The building regulatory field has not yet been a point of scholarly attention. There is some research in the area of measuring the influence of the EU on the content, structure and style of policy, also environmental policy (e.g. the standards, positions and strength of ministries, parliaments, and so forth), but not much. Developments in society and the building sector necessitate an alternative approach to the organization of public building control. In Europe, a great number of countries organize building permit procedures and planning on the local level to assure basic qualities of buildings and to verify they are suitable for the location where they will be built. The organization of building control varies within Europe. The comparison of Slovenia and Croatia revealed that the building permit procedures do have very much in common and that the shortcomings and obstacles in the issuing of building permits are alike.

It is difficult to escape the impression that, in the past, the legislator tried to facilitate, simplify and shorten the procedure for issuing a building permit. These efforts are also evidenced by a series of legal provisions, analysis of which lies beyond the scope of this paper. In addition, the introduction of the e-permit system, which enables the submission of a series of applications and tracking of a case electronically, is to be commended. However, practical experiences are very valuable in making an assessment of how the legislator has in fact been successful in its efforts or if these measures will, in the final analysis, only serve to further ‘encumber’ the procedure. Best practice reform experiences in other countries show that the new policy objectives can be combined with effective red tape reduction programmes, and more efficient and streamlined processes. It turned out that the reforms have generated positive impacts on processes, although the streamlining procedures were not the main focus.
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