



## INVESTIGATING THE CONNECTION BETWEEN INVESTMENT INTENTIONS AND LAND STATUS

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**ABSTRACT:** *The subject of investigating the connection between investment intentions and land status is analyzing the main procedures for preparation, approval and implementation of development plans with the objective of changing the purpose designation of agricultural land into urbanized territory. By using a project for a Detailed Development Plans – Plan for Regulation and Construction, an examination is performed of the processes related to the preparation and coordination of the plan, including the change of purpose designation of the agricultural land into land for non-agricultural uses, in accordance with the legislation.*

**KEY WORDS:** *Change of purpose, agricultural land, urbanized territory, detailed development plan.*

### **1. Introduction**

The management of territorial development is an essential part of the sustainable development of the Republic of Bulgaria. Planning and management of territories are important not only for the development of regions, but also for the realization of private and public investments. Planning of territories determines the purpose designation of the territory, develops the infrastructure, defines the method of building development and all of that provides a platform for dialogue among investors, public bodies, environmental experts and the local communities, which is essential in order to achieve coordinated and sustainable development.

This report investigates the connection between investment intentions and land status in the Republic of Bulgaria with a special focus on spatial planning and the change of purpose designation of agricultural land into land for non-agricultural uses. The specific objective is to analyze the role of Detailed Development Plans (PUP) – Plan for Regulation and Construction (PRZ) as the main instrument for changing the purpose designation of agricultural land into land for non-agricultural uses. In addition, the report reviews the legislative

framework of the Republic of Bulgaria, as well as the procedures and key steps, which are necessary for the successful change of the purpose designation of agricultural land into urbanized territory.

## **2. Detailed Development Plan – Plan for Regulation and Construction for landed property with № 41, situated in the “Lozyata” locality according to the cadastral map and the cadastral registers (CMCR) of the village of Zdravets, Avren Municipality, Varna region**

### **2.1. General situation**

At the request of the owner of agricultural land, a procedure has been performed in order to change the purpose designation of agricultural land into land for non-agricultural uses with the objective and justification for residential construction. Changing the purpose designation of the agricultural land will lead to a significant increase in the market value of the property.

The PUP-PRZ project comprises a real estate property, situated in the village of Zdravets, Avren Municipality, Varna region, as shown on Fig. 1. The village is strategically situated in the proximity of the city of Varna and is located in a territory with excellent prospects for urbanization. The property, subject to the PUP-PRZ project, currently holds the purpose designation of “agricultural land” and is part of an agricultural territory.

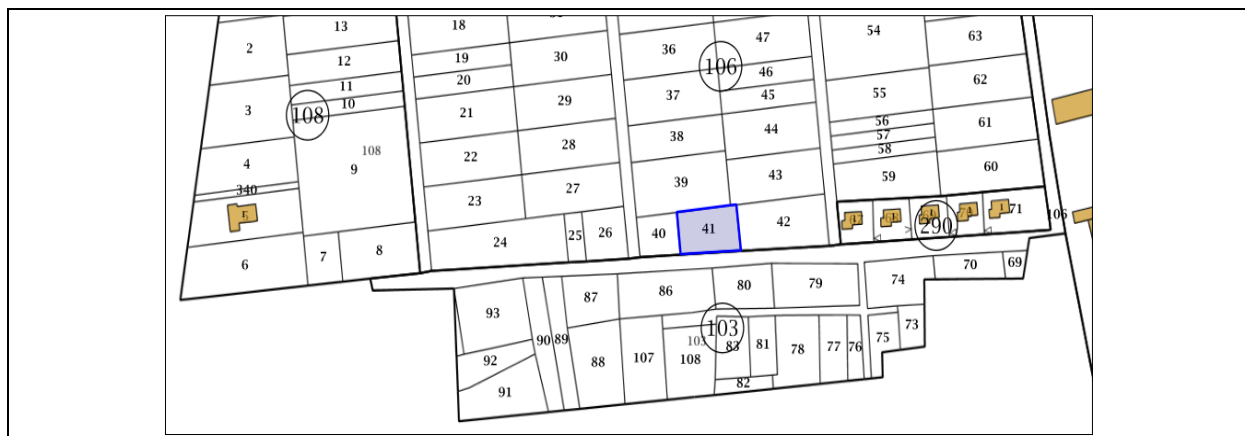


Figure1. The landed property subject to the project

Landed property No. 41 is with an area of 611 sq. m. The agricultural land owner is a private person, who owns the property in accordance with a Contract for Property Partition. The manner of permanent use of the property is “agricultural field” classified as 6<sup>th</sup> land category. An inquiry performed in the Cadastral-Administrative Information System (KAIS) established that the property has been entered into the Cadastral map and that the ownership document corresponds to the characteristics in the cadastral register.

**2.2. Source data and materials for the preparation of a project for Detailed Development Plan – Plan for Regulation and Construction (PUP-PRZ) for landed property with No. 41, situated in the “Lozyata” locality according to the CMCR of the village of Zdravets, Avren Municipality, Varna region.**

Before commencing work on the preparation of a Detailed Development Plan (PUP) for a specific property, it is extremely important to first check whether there is an existing General Development Plan (OUP) for the territory and whether the zone, within which the property is located, permits the performance of construction and changing the purpose designation of agricultural land. Avren Municipality is undergoing a procedure for approval of a Final project for OUP, which, at present, has not been completed yet. The landed property is located within the “ЖМ” zone (Fig. 2), where low-rise residential construction is permitted, with the possibility for changing the purpose designation of agricultural land into urbanized territory.

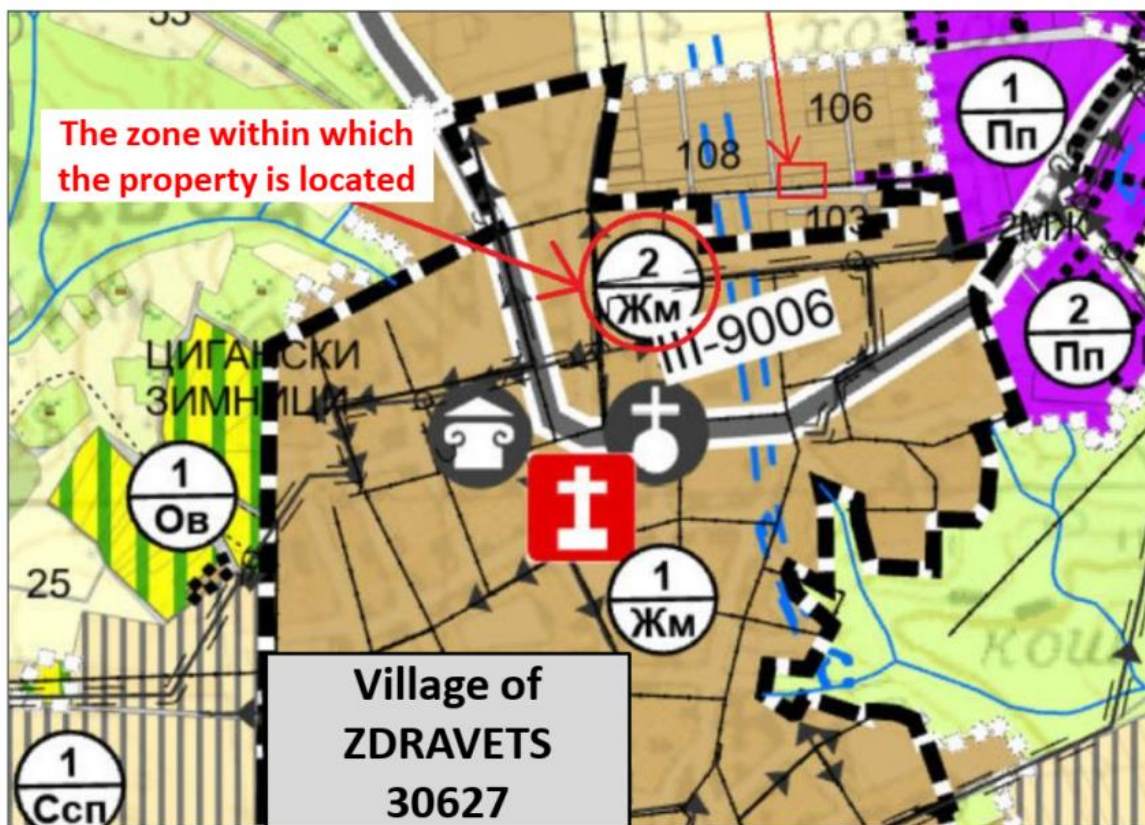


Figure 2. Extract from the General Development Plan of Avren Municipality, village of Zdravets

For the preparation of the PUP project the following source data have been obtained. These data include:

- Cadastral maps and plans (Fig. 3): Current data on the borders of the properties and the adjacent territories [3, 8];

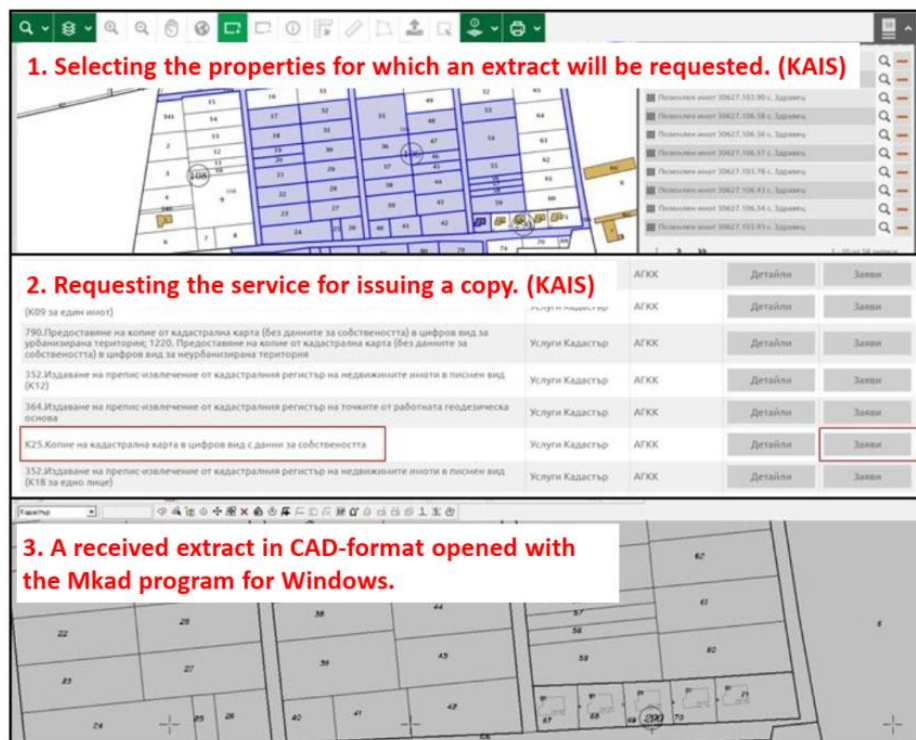


Figure 3. Extract from the current Cadastral map

- Existing development plans (Fig. 4): Extracts from the plans for regulation and construction of urbanized territories;



Figure 4. Extract from the current regulation plan

- Information on the existing infrastructure: Data on the availability of roads, water supply and electricity networks, as well as other important infrastructure elements.

These source data are used to analyze the existing conditions and to determine the most appropriate methods for including agricultural properties into regulation.

### **2.3. First stage of the procedure for preparation of a PUP-PRZ – Preparation of a Reasoned proposal /Sketch plan-proposal/.**

Pursuant to Art. 125 of the Spatial Planning Act (ZUT), projects for development plans are prepared on the basis of a task assignment, including, if necessary, a reference plan, as well as additional information related to the spatial planning of the respective territory [1]. The task assignment contains information about the title of the project, details of the contracting party, description of the ownership document and characteristics of the property. The task assignment contains a description of the owner's/contracting party's investment intention, the construction parameters for the property, the grounds for preparation of the PUP project according to the legislation, and the date and signature of the owner/contracting party.

The reasoned proposal or the Sketch plan-proposal for admission of the PUP is submitted to the municipality for review by the municipal council on spatial planning and after a meeting, an order for the admission of the planning procedure is received as a document, which precisely describes all the requirements for coordinating the project with the authorities and which forms the basis for preparation of the final PUP-PRZ project.

### **2.4. Second stage – preparation of a Final PUP-PRZ project.**

After analyzing the existing conditions [7], the preparation of the PUP itself begins (Fig. 6). This plan defines the boundaries of the regulated landed property and the manner of its construction development. With a detailed development plan for territories with unregulated land properties, as well as for territories with non-implemented first regulation under a preceding development plan, the legal basis for preparation of a PUP-PRZ for Landed Property 30627.106.41 according to the CMCR of the village of Zdravets, Avren Municipality, is Art. 16 of ZUT. Pursuant to this article of the Act, the necessary areas for construction of the objects of the green system and of the social and technical infrastructure – public property are determined [2]. In order to implement these provisions, upon the plan's entry into force, real estate owners voluntarily transfer a percentage, determined by the plan, of their properties' area, to the municipality, which percentage however cannot exceed 25%.

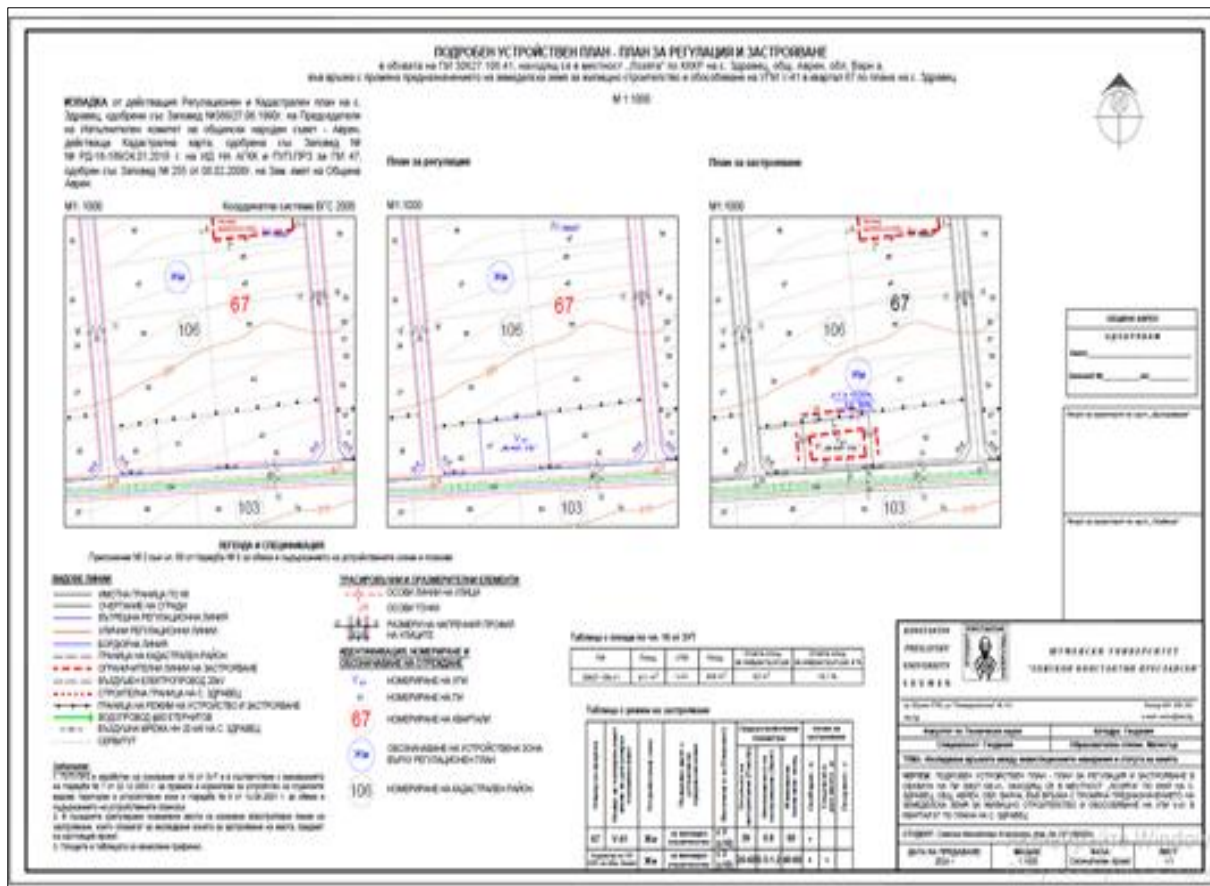


Figure 5. Final PUP-PRZ for the property

In connection with a change in the purpose designation of agricultural land into land for own non-agricultural uses, the procedure for issuing a Decision for approval of a final site and/or route by the Commission at the Regional Directorate for Agriculture in the city of Varna under Art. 17, par. 1 of the Agricultural Land Conservation Act (ZOZZ) requires the submission of the following expert opinions:

- Certificate of characteristics of the landed property (it contains the property area, the territory type, the land category and others);
- Certificate of irrigation status (whether the agricultural land is irrigated);
- Act of categorization;
- Opinion on assessing the need for performing an environmental impact assessment issued by the Regional Inspectorate of Environment and Water (RIOSV) – Varna (the opinion provides information on whether the property is located within protected areas and whether the future construction would disturb the environment) [6];
- Preliminary opinion on network connection from the electricity distribution company “ERP North” (for electricity supply);
- Source data from the water supply and sewerage system provider “ViK” – Dolni Chiflik (for water supply and sewerage).

After the necessary opinions have been issued, the procedure continues with the preparation of additional projects, which are coordinated with the competent authorities. They are prepared in order to provide and demonstrate how the new built-up environment will have access to electricity, water and sewerage, which is essential for the comfort and viability of the site and its future human habitation. Separately, the market value of the newly formed property is determined and the fees for regulation due to the municipality are paid. The coordination of all additional projects and the opinions thereto prove that the legal requirements have been met and that functionality has been ensured. The coordination projects are the following:

- Certificate of accepted project from the Geodesy, Cartography and Cadastre Office (SGKK) – city of Varna (prior coordination of the regulated landed property with the SGKK);
- Decision of the Commission under Art. 210 of the Spatial Planning Act (ZUT) (an assessment of the market value of the future regulated landed property is prepared by an independent appraiser and it is coordinated with Avren Municipality);
- Electrical scheme to the Detailed Development Plan (PUP) (an electrical scheme is prepared by an electrical designer on the basis of the preliminary study and it is coordinated with “ERP North”);
- Water supply and sewerage system (WSSS) scheme for PUP (a WSSS scheme is prepared by a WSSS designer for connecting the property to the existing network and the scheme is coordinated with “ViK” – Dolni Chiflik);
- Health conclusion from the Regional Health Inspectorate (RZI) – Varna (whether the plan meets health requirements for future construction and human habitation).

## **2.5. Procedure for the Change of status in the Regional Directorate for Agriculture – PHASE 1 Approved site**

A preliminary procedure for changing the purpose designation of land for approval of a site is performed for territories of municipalities that have no approved and effective General Development Plan (OUP) (Phase 1). Pursuant to Art. 18 of ZOZZ, the concerned parties may request the determination and approval of a site and/or route and a change of the purpose designation of the land, when this is necessary for the construction of objects, which are unrelated to the land’s intended use [4].

The proposal for approval of a site or route for the construction or expansion of objects on agricultural land is submitted to the commissions under Art. 17, par. 1 of ZOZZ. When the area requested in the procedure for changing the purpose designation of agricultural land is up to 50 decares of fifth to tenth land category, in this case the property is of 6<sup>th</sup> category according to its characteristics and the request for a decision on a site is submitted to and issued

by the Regional Office for Agriculture in Varna. For this purpose, 2 folders are prepared (1 with copies and 1 with originals), containing all opinions and coordinated projects.

The Commission under Art. 17, par. 1 of ZOZZ in the Regional Office for Agriculture in the city of Varna discusses the proposal for a site and within one month from the submission of the written request, if it has been prepared and completed according to the requirements, approves with its decision the necessary site or route for including the agricultural land within the boundaries of the urbanized territories or for the creation of new settlements [4].

## **2.6. Procedure for the Change of status in the Regional Directorate for Agriculture – PHASE 1 Approved site**

After the PUP-PRZ project has been coordinated with all institutions, it must be officially approved by the municipal council of Avren Municipality. The approval procedure includes several important stages:

- **First announcement of the project.** Before the final approval of the PUP, the project is announced to the concerned parties (owners of neighboring properties, local residents, and others), who can express their opinion about the plan. This is an important stage as it allows the local community to participate in the planning process and to provide feedback that can be taken into consideration.

- **Review and approval of the project by the municipal council on spatial planning of the territory:** Once the public discussion has been completed and any changes have been entered, the PUP is submitted to the municipal council for final approval. The municipal council votes to approve the plan, and then the plan officially enters into force.

- **Second announcement of the project:** The concerned parties are informed that a project for a detailed development plan – plan for regulation and construction (PUP-PRZ) has been approved by Order of the Mayor of Avren Municipality under the conditions of Art. 16 of ZUT.

The issuance of the order for approval and the entry into force of the PUP-PRZ project for the property make the PUP-PRZ an official document with legal force. From this moment on, the plan becomes mandatory for implementation and enables the realization of the investment intentions.

## **2.7. Entry of the approved PUP-PRZ into the Cadastral map**

After approval and entry into force of the PUP-PRZ project and fulfillment of the facts of its implementation (entry into force of the plan under Art. 16 of ZUT, issuance of acts of compulsory purchase or contracts between the concerned parties), the Geodesy, Cartography and Cadastre Office amends the cadastral map at the request of the owner or of a person authorized by the owner and issues a sketch-plan of the regulated landed property.



## **2.8. Order pursuant to Art. 16 of ZUT**

Pursuant to par. 5 of Art. 16 of ZUT, for acquisition of ownership over the regulated landed property (UPI), the municipality mayor issues an Order with a precise individualization of the property. The order for individualization of the newly formed UPI is an ownership document that is subject to entry into the property register (the Registry Office) and into the cadastral register for issuing a sketch-plan of the property, which will be used for the procedure for changing its status. [7]

## **2.9. Procedure for the Change of status in the Regional Directorate for Agriculture – PHASE 2 Change of purpose designation of agricultural land into urbanized area**

The Commission under Art. 17, par. 1 of ZOZZ discusses the proposal and, within 30 days from the date of its submission, issues a decision for changing the purpose designation of the agricultural land. When changing the purpose designation of agricultural land, which is not part of the municipal land fund, a state fee is paid, determined by a tariff approved by the Council of Ministers. The fee is paid by the owner of the agricultural land. The commission's decision specifies the amount of the fee due for payment under Art. 30 of ZOZZ for the entire area for which a change of purpose designation is requested. After the amount has been paid, the owner of the property provides the Regional Directorate for Agriculture with an original document certifying the paid amount and the owner is given 1 original of the Decision for changing the purpose designation of the land. The Decision enters into force after the due fee has been paid.

## **2.10. Entry of the change of purpose designation into the Cadastral map**

Within 7 days from entry into force of the decision for changing the purpose designation of agricultural land into land for non-agricultural uses, the respective commission sends a copy of the decision to the municipal administration and to the Geodesy, Cartography and Cadastre Office (SGKK) - Varna.

The owner of the property requests a service in SGKK-Varna for entering changes that have occurred with the properties into the cadastral register and for issuing a sketch-plan of a landed property in urbanized territory, by implementing the Decision of the commission under Art. 17 of ZOZZ, Order under Art. 16 registered into the Registry Office-Varna. After receiving the sketch-plan, the owner can start a procedure for issuing a Design Permission (Visa) and can proceed to the next procedures for preparing an investment project for residential construction in the property and for issuing a Building

Permit until the construction is commissioned into service, by observing the validity periods of the issued permits. [3]

### **3. Conclusion**

This study underlines the significance of spatial planning for the sustainable development of territories in the Republic of Bulgaria. Changing the status of agricultural lands and incorporating them into urbanized areas is an important mechanism for stimulating investment and economic development.

Detailed development plans guarantee that every investment intention is implemented in accordance with the legal requirements and the public interest. Communication between all institutions is essential for the successful implementation of projects of this type. Changing the status of agricultural land is not just a technical process, but a complex, multi-layered mechanism that requires careful analysis and coordination between the various concerned parties.

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