

Vacant plots? You wish!

The government has presented a draft bill on solutions aimed at increasing the availability of land for residential construction (the "Draft"), justifying it as a response to the growing needs of the housing market. The proposed legislation aims to facilitate residential investments by improving land availability and simplifying administrative procedures. Key provisions of the Draft include the removal of restrictions on the sale of agricultural land within city limits and the reinstatement of the possibility of establishing perpetual usufruct for residential purposes.

According to the Draft, agricultural land located within city limits or in their immediate vicinity will be easier to convert into building properties. The Draft provides not only for the simplification of procedures related to such conversions but also for the elimination of the right of repurchase currently held by the National Support Centre for Agriculture.

Another significant change introduced by the Draft is the removal of the general ban on establishing perpetual usufruct for residential purposes. This solution restores investors' ability to use public land for housing projects on a long-term basis. At the same time, public entities gain a guarantee that the land will be developed in accordance with the perpetual usufruct agreement and the ability to monitor compliance with its intended purpose. The agreement may also include a clause stating that the right will not be automatically converted into ownership by law. Furthermore, if the land is developed in violation of the agreement, the entity granting the perpetual usufruct may seek to terminate it under Article 240 of the Civil Code.

However, the legislator is not completely withdrawing from the widely announced and already initiated process of "phasing out" the right of perpetual usufruct. The justification of the Draft indicates that the right of perpetual usufruct is intended to serve as a means of obtaining legal title to publicly owned real estate until a new property right, aligned with current socio-economic conditions, is introduced into the legal system.

The Draft also includes changes to the Act on Facilitating the Preparation of Housing Investments, eliminating certain obligations for investors. For municipal councils, the Draft provides the possibility of establishing guidelines for urban planning agreements related to the development of integrated investment plans through a resolution. It also removes the requirement to prepare a comprehensive draft of such agreements at an early stage of the procedure and introduces a maximum deadline for adopting a resolution on the integrated investment plan.

The Draft also provides for the exemption from the planning fee for properties sold within two years from the date this provision comes into effect.

The Draft also introduces amendments to the Construction Law, tightening formal requirements for appeals and complaints against administrative decisions in this area. Parties will be required to clearly specify their objections to the decisions, the scope of their demands, and the evidence supporting their claims. Failure to meet these requirements will be treated as a formal deficiency. If an appeal or complaint contains such deficiencies, the authority will request the party to correct them, with the request being issued no later than 14 days from the date of receipt of the appeal or complaint. Failure to address the deficiencies within the specified deadline will result in the submission being left without consideration.

The proposed regulations aim not only to increase land availability and streamline investment processes but also, in the long term, to improve housing accessibility. According to information from the Government Legislation Center, the Draft entered the consultation stage in early February. Optimistically, the government aims to adopt it in the first quarter of 2025. While the progress so far is promising, the Draft still faces the parliamentary process - one that, as experience shows, can take almost as long as the completion of a housing investment itself.

Do you want to know more? Contact us!

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