The basic principle of Spatial Plan of Montenegro is sustainable development which implies the consideration of environmental protection, economic development and social needs.
LEGISLATION and ACTION PLAN

ON REGULARIZATION OF INFORMAL CONSTRUCTION
The emergence of informal building phenomenon is, by all social classes, commonly associated with the (lack of) work and (in) sufficient activity of building inspections and usually inspections are primary declared responsible for this state which is actually caused by many reasons.

We can indentify following causes of illegal construction:

- social
- commercial
- professional
- administrative and legal

The problem of informal construction have rarely been considered outside of the spatial planning and construction legal framework, and such long term limited approach resulted in reducing the value of space, negative attitude of builders to legal instruments, social life between regulated urban and unregulated suburban areas, and the reduced value of commercial and infrastructure investment.
Problems

- SEISMIC RISK
- PLANNING-URBAN DISORGANIZATION OF SPACE
- INSUFFICIENT INFRASTRUCTURAL EQUIPPING OF SPACE
- LOWER QUALITY OF LIFE
- INEXISTENCE OF ADEQUATE SOCIAL OR PUBLIC INSTITUTIONS
- VIOLATION OF ECOLOGICAL STANDARDS and RISK TO HUMAN HEALTH
- COLLECTION OF COMMUNAL and TAX OBLIGATIONS
PHYSICAL INDICATORS

According to data of Real Estate Administration, on the territory of Montenegro there is around 42.000 illegal objects, and most of them are in Podgorica - 16.430.

However, the number of informal structures is significantly higher compared to the data given by the Real Estate Administration, especially if one takes into account the fact that a significant number of informal structures is not registered.

The estimation is that there is around 100.000 illegal objects in Montenegro.
Examples of illegal settlements
Pilot Project (Bar) - In order to implement the conclusions of First Government Session, pilot project was initiated (Municipality of Bar), and it considers drafting the Plan for illegal settlement "Pobrdje-Rutke" in accordance with the principles and documentation prepared.

Action Plan for transformation of informal settlements into formal and regularization of illegal objects was adopted by the Government of Montenegro on 30 June 2011.

Legislative solution - On March 15, 2012 the Government of Montenegro has approved the Draft Law on Legalization of informal construction with Proposal for public hearings, which was submitted by the Ministry of Sustainable Development and Tourism. Law proposal was confirmed on July 19 at the Government Session, after which it was submitted to the Parliament for adoption. Law on regularization of informal construction has finally been adopted on July 30th 2016, after 4 years of waiting, and entered into force on August 31st 2016.

From 2008 illegal construction is being recognized as a felony in Montenegrin criminal law.

Media campaign is being prepared and it will follow the implementation of the Project for legalization.
ACTION PLAN
THE PREPARATORY PHASE

The preparatory phase including the design of database

- Development and adoption of the Draft Law on Legalization of objects
- Communication with local governments and competent authorities on the implementation of Law and establishment of implementation units in municipalities
- Determining the real situation on data in municipalities by ortho-photo overlay
- Creating a database of informal objects
- Communication of Ministry of Finance and MSDT with financial institutions to provide funds for the project implementation
- Promoting the goals of law
- The implementation of the communication strategy
THE IMPLEMENTATION PHASE

Defining the process of regularization procedures and communication with the public

- Enabling the process of submitting the application for regularization (9 months)
- Creating Orto photo image of Montenegrin territory
- Creating a database of objects that exceed the dimensions and number of floors
- Implementation of pilot projects (Bar)
- Implementation of tax policy measures
One of the grounds for the adoption of the Plan was the *Pilot Project*, from July 2011, by renowned author IIBW (Canada) and Housing Ltd (Austria). This study is a result of author’s understanding of the informal settlements development models in Montenegro, as well as pragmatic approaches to the design of their economic, social and spatial integration.

The study was used by the author the planning document, which was chosen by the local government for the development of DUP "Bjelila-Rutke-Gorelac". Over 2,000 facilities will be treated as a part of the plan in locations that are conditioned by geographical and social boundaries.
LEGISLATION
Definition of unauthorized object – residential building and business premises i.e. parts of the already existing object

- The buildings of primary residence - Unauthorized buildings of primary residence are residential buildings where the gross construction area is not more than 200 m² and the owner of the illegal object have a residence and lives with the members of his household, if the owner and members of his household do not own a second home in Montenegro, i.e. housing unit on the territory of Montenegro.

- Informal buildings which are built in the: coastal zone, in the zone of protection of cultural resources, in the zone of protection of natural resources, in the forest park areas, protected forests, green areas, on the landslide and exploitation area, obtain the status of temporary informal objects.
These object will be included in the Plan of informal temporary objects, which will be created by local self-government units and other authorities. Owners of informal objects shall pay annual fees for the use of space, until the adoption of the Spatial plans which will determine the use of the space and informal objects.

Funds generated from the annual fee for the use of space of temporary informal objects, land charges of residential land for informal structures and fees for the legalization of informal buildings, should be used only for development of infrastructure and facilities in the local community in which area the informal structures are constructed.

Property rights - Legalization of informal building that was built on privately owned land or property rights are utilized by the state or local governments, can be performed after the resolution of property rights with the owner or with the party who is exercising property rights over land

The responsible authority is obliged to carry out an overlapping of orthophoto images of the territory of Montenegro with the existing digital layers and planning documents, and to make data available for local governments and the Ministry within eight days from the date of entry into force of this Act
- **Technical documentation** - Owners of the objects in size of 500 m² and more are obliged to submit to the local government technical documentation required by law

- **Compensation for municipal equipping of the construction land** – Construction fee with informal structures will be charged and paid in accordance with local government regulations that determines conditions, method, deadlines and procedure payment for utility furnishing in 240 (20 years) or 120 monthly installments (10 years)

- **Legalisation fee** - for the informal structures (except for residential buildings, primary objects) is 20% of the determined amount paid for utility equipment

- **Alternative accommodation** – in accordance with the obligations deriving from the Vienna Declaration, in case of object demolition that has been used as a primary residence, local government is obliged to provide the owner with alternative accommodation appropriate to the number of members of the household.
Regularization

Regularization – is new phase and the main goal of the process. We proposed a new concept and introduced new procedure phase – harmonization of the legalized structures with the planning document. Goal of this process is improvement of life quality and safety in urban areas, with a special focus on the living conditions of specific target groups, and the establishment of a responsible attitude of citizens towards urban environment. However, space development policy implies also protection of space not only through integral enforcement of legislation and coercion measures, but also above all through responsible, caring attitude of all the bodies, institutions, legal and physical persons i.e. the public at large – towards its national resource - space. Having in mind the above, the proposed norm is aimed at changing the ambience, i.e. space on which the informal structures were built. Object image must be harmonized with the requirements set out in the guidelines of the planning documents, and that is new quality which we think would change ambience and improve life quality in significant number of settlements in Montenegro.
Possibilities and opportunities for new employments

1. Legal decisions will directly affect all illegal builders and indirectly will make influence on local governments and the state who will be responsible for implementation of the procedures of legalization. The positive effect will be budgets income of local governments, and the launching of new economic activity in the construction sector, which will be reflected in the overall economy of Montenegro.

2. Positive consequences of adopting regulations fully justify the related costs because it will create a financial structure which provides that citizens who had not paid the legal obligations when building their informal structures do so, and thus invest in better equipment of communal space, raise the value of their buildings and also contribute to the strengthening of local government budgets.
The legalization of informal structures is highly interactive process, where almost all bearers the Montenegrin development will participate, from the state and local self-governance to the banking and construction sector. In same time it will create exceptional opportunities for business development and employment.

**Necessary preconditions**

- Qualitative analysis of the situation
- Applicable legislation
- Providing favorable funding to support the process of legalization
- Political support at the highest level
- Synergy among state institutions involved in the implementation
- Media campaign that will introduce illegal builders with the process of legalization, as well as the rights and obligations
- Raising awareness on compliance with legal provisions and respect for the environment
Holders of activities

- Local government institutions
- Real Estate Administration
- Ministry of Sustainable Development and Tourism
- Ministry of Finance
- Ministry of Economy
Montenegro