



STUDY OF SOME PROBLEMS OF REAL ESTATE IN INDUSTRIALISED RURAL AREAS

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ABSTRACT

Sustainable rural development depends largely on managing the resources of these areas by the local administration. One specific problem that requires attention is the use of real estate (property and land) in industrialized rural areas. The goal of this paper is to summarize the issues in the assessment of real estate in industrialized rural areas for the needs of mining extensions of Maritza Iztok Mines Ltd. and make suggestions based on the studies opportunities. The tasks to be implemented for the performance of the goal are as follows: 1. Investigation of theoretical concepts related to territorial development and spatial planning. 2. Study of the legal basis for expropriation of land and property in urban areas. 3. Analysis of the survey conducted in the settlements provided for the expropriation 4. Summarising the results of a roundtable on the issues of expropriation of private property for the purposes of mining. By examining the expropriation of private property in industrialized rural areas attempt to state decisions, according to the principles of sustainable regional development.

Key words: real estate, purchase, expropriation, energy law, law on state property, sustainable development

INTRODUCTION

Sustainable development of rural areas depends to a great extent on the management of resources within those areas by the local administration. A specific problem that requires special attention is the usage of real estate (estates and land) within industrialised rural areas.

The goal of the current study is to summarise the problems arising during the evaluation of real estate in urbanised territories for the needs of expanded coal mining by Maritza Iztok Mines Ltd., and to make suggestions based on the examined options. **The tasks**, which had to be accomplished in order to achieve the set goal, were as follows: **1.** Investigation of theoretical concepts related to territorial development and spatial planning. **2.** Study of the legal basis for expropriation of land and property in urban areas. **3.** Analysis of the survey conducted in the settlements provided for the expropriation **4.** Summarising the results of a roundtable on the issues of expropriation of private property for the purposes of mining. The subject of the current study is the expropriation of private property in the urbanised rural municipalities, such as the municipality of Radnevo. The mass purchasing

of private properties in the villages of Troyanovo and Beli bryag for the needs of open-air coal mining is a process that cannot be stopped because the entire operation of the “Maritsa Iztok” complex depends on it. In the specific case, we are dealing with a process that started in 2009 and is still going on, with its completion expected to be in 2017 – 2018.

The municipality of Radnevo is located in the south-east part of the Upper Thracian Lowlands and is within the administrative boundaries of the Stara Zagora district. Its total area is 545.15 km², which makes up 0.5% of the country’s territory and 10.6% of the district’s territory. The municipality has monopolist positions in the production of lignite coal. Territorially, it encompasses the greater part of the East-Maritsa coal basin and is connected to the power complex *Maritsa-Iztok*. Within the town of Radnevo is the administration of the coal mining company Maritza Iztok Mines Ltd., whose production is structured in three mines. The municipality’s primary assets are the large deposits of lignite coal, mined by the open-air method over an area of 103 km². The mining of lignite coal for the power industry varies from 21 to 30 million tons every year.

The mining of the coal deposits by the open-air method was based on the geological and technological conditions of distribution of the coal deposit layers. This prompts the incessant necessity to buy or expropriate and take over the lands at the front of the mining operations, which fall within the areas of the given concession for the mining of solid fuels, lignite coal from the East-Maritsa coal basin source, per Decision № 655 from 13 July 2005 of the Council of Ministers.

Every year, the company prepares technical plans for the development of the mining operations in the three open-air mines, which are synchronised with the Ministry of Economics, Energy and Tourism, and are approved by the Ministry of the Environment and Waters. The designated areas for the yearly development of the mines are bought from their owners.

The economic section of the “Complete project for coal mining from the East-Maritsa coal basin” envisages the relocation (termination) of the villages of Troyanovo and Beli bryag in the years 2015 – 2017.

To ensure the normal operation of the “Troyanovo-north” mine, it would be necessary to enter within the regulation of populated areas. In 2009, the purchasing of regulated estate properties in the villages of Troyanovo and Beli bryag began. This process will be long, due to the application of the principles of volunteering and market relations between the property owners and MIM Ltd.

1. Normative base for the expropriation of lands and estates for the purposes of coal mining.

Energy Law

The Energy Law was published in State Newspaper, issue 107 from 9 December 2003. It was last amended in SN issue 97 from 10 December 2010, in force from 10 December 2010.

Subsection 1a concerns the issue of expropriating of properties for the purposes of energy resources mining.

Article 63a. says that the Power production company, which is a concession holder according to the Law of Subterranean Riches and performs activities of mining energy resources, could propose to the owners and the holders of other estate rights the signing of a

contract, by which it would acquire the right of ownership or other types of rights on the real estates included within the concessional area.

In cases of mining the energy resources for the satisfaction of a state necessity, when an agreement with the owners or holders of other rights on the real estate or a part of it has not been reached, the concession holder company has the right to ask the Minister of Economics, Energy and Tourism to take action towards the forced expropriation of the estate in accordance with the Law on State Property, Art. 636 (1).

In the request per Section 1, the characteristic, type, location, and size of the estate are provided, along with information about the owners, respectively the holders of other rights. (2)

Within one month of receiving the request per Section 1, the Minister of Economy, Energy and Tourism take action towards the forced expropriation of the estate for state necessities, in accordance with the procedure of Chapter Three of the Law on State Property. (3)

When a property included within the boundaries of the concessional area is public municipal property, the request per Section 1 is accompanied only by the evidence per Section 2, Item 1. (4)

Expenses on the forced expropriation of the property are covered by the concession holder.

The expropriated properties, as well as other state-owned properties included within the boundaries of the concessional area, are given to the concession holder with a decision of the Council of Ministers as ownership in accordance with Concessions Law.

In case of termination of the concession contract, the properties provided for ownership by the concession holder are returned to the state in a condition, under conditions and procedures determined by the concession contract.

Evidently, the Power Production Law redirects us to the Law on State Property.

Law on State Property

The law was published in issue 44 of the State Newspaper from 21 May 1996, last amended on 8 March 2011. This law shall regulate the acquisition, management and disposition of

real estate and movable property - state property, and updated on property - state property, unless a special law provides otherwise.

The forced expropriation of property – private property for state necessities – per Art. 32, Section (1): “Estates and parts of estates owned by physical or legal persons could be expropriated forcibly in order to meet state necessities, which cannot be met otherwise, after providing preliminary and equal in value compensation.” Properties expropriated in order to satisfy state necessities become public state property. The expropriation procedure, as well as appealing to the decision of the Council of Ministers and the district governor is very long. There is an option for the return of the expropriated estate and payment of compensations to the former owner if construction does not commence with 5 years after the expropriation order enters into force.

This presents an insurmountable obstacle to the utilization of the money from EU funds. In order to remedy the situation, the state made the first step by amending the Law on Public Property. The procedures therein have been significantly simplified and terms – shortened, it also limited the appealing options to only one institution and set clearly defined terms, within which each party to the procedure can make its case.

2. Examination of the issues and possibilities of evaluating real estate in urbanised territories for the purposes of expanded coal mining at Maritza Iztok Mines Ltd.

Considering the current legislative base, which makes the expropriation of private property for state necessities difficult and too time-consuming, MIM Ltd took the following steps:

1. Ordered the preparation of ПИВИ for the territories, on which the estates intended for expropriation are located.
2. Took steps through the Municipality of Radnevo to expand the town's cemetery and a stop to burials in the populated areas of Troyanovo and Beli Bryag.
3. Ordered a survey by the AFIS sociological agency, which would probe the attitudes and wishes of the inhabitants of the two villages.
4. Initiated purchasing of property within urbanised territories in accordance with the market principle, without initiating expropriation procedures.

The mass purchasing of private property for the needs of MIM Ltd. In Radnevo in accordance with the market principle.

Following the announcements at village assemblies that Maritza Iztok Mines Ltd. is ready to purchase regulated properties with the included houses and industrial buildings, the process was initiated. Up until now, the inhabitants of the villages of Troyanovo and Beli Bryag are the sellers of their own properties and the initiative for the selling is theirs.

The process is carried out as follows:

1. The seller submits an official request to the CEO of MIM Ltd., by which he offers to sell their own property to the company. The request form is accompanied by a number of documents (ownership deed, blueprints, certificate of compliance with the village's current plan, certificate of building tolerance, tax evaluation of the property, and other documents necessary for the selling and purchasing of the property).
2. MIM Ltd. employs a licensed evaluator to calculate the market value of the property.
3. After the property is evaluated, a meeting between the seller and buyer takes place, at which the property's price is agreed upon. If the price is acceptable for both parties, a preliminary contract is signed, through which the parties are obliged to each other that the sale would be ratified before a notary within 6 months. If the two parties cannot reach an agreement on the property's price, the procedure ends and the purchase of the property cannot be concluded for the time being. Negotiating an acceptable to both parties market price allows for the procedure to be continued as follows:
3. The board of directors of MIM Ltd. reviews the seller's request during one of its sessions, becomes acquainted with the price negotiated in the preliminary contract, and sanctions the deal.
4. After the BD of MIM Ltd. has approved the purchase of the property through a report to the board of directors of “Bulgarian Energy Holding” in Sofia, its permission is asked for, regarding the negotiated parameters and prices.
5. After permission is granted by the BEH Ltd. Sofia, the deal is ratified before a notary.
6. The seller receives the sum agreed upon in the preliminary contract via bank transfer on the day the deal is concluded.
7. The deal is registered with the Agency of Public Records.

8. The purchased property is entered into the balance sheet of the mine that is to be its new owner until its demolition or depletion of the coal deposits lying beneath it.

Up until now, the owners show initiative in selling their property.

What makes them sell their property? Most of them do not occupy them throughout the entire year. Another portion of them need fresh cash, and because the banks are currently reluctant to lend credits or lend them at heavy interest rates, the sale of property is an easy way to receive some cash. A large portion of the sellers cannot protect their properties from pillaging caused by the high population of Romas in the area, who do not have stable employment and income.

Examining the attitudes of the inhabitants of the villages of Troyanovo and Beli Bryag.

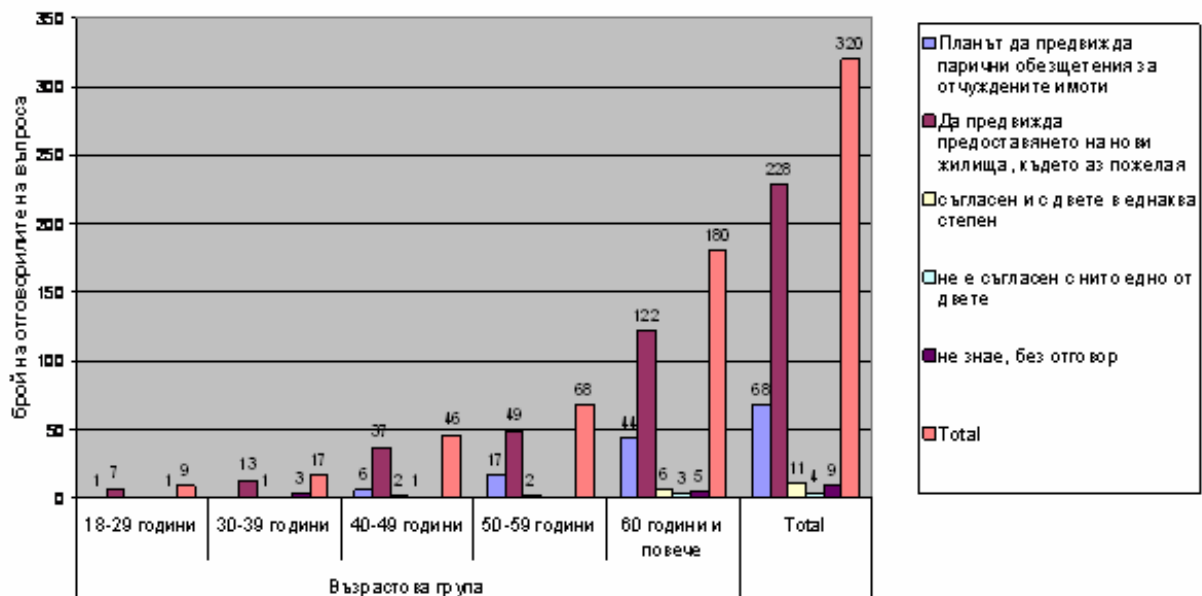
In order to examine the attitudes of the villagers, a survey was performed and its results were announced before the management of the

Municipality of Radnevo and the villages' mayors.

The survey was thorough on the household level in the villages of Beli Bryag and Troyanovo, whose expropriation is pending for the purposes of the expansion of the coal mining region of the Maritza Iztok Mines.

A total of 320 households from both villages were included in the survey, 85 of which in the village of Beli Bryag and 235 in the village of Troyanovo. Of the actual inhabitants of the two villages, the occupants of about 15 households could not be found, there were 3 rejections of participation in the survey – 2 in Troyanovo and 1 in Beli Bryag, and 3-4 houses were ruined and uninhabitable. According to information from the neighbours, 35-40% of the houses in Troyanovo belong to their owners, whose permanent residence is elsewhere – in Radnevo, Stara Zagora, Galabovo, etc. The same information applies for 6-7 houses in the village of Beli Bryag.

КОЕ ОТ ИЗБРОЕНИТЕ ВЪВ ВРЪЖКА С ПЛАНА НА "МИНИ МАРИЦА ИЗТОК" В ПО-ГОЛЯМА СТЕПЕН ЖЕЛАТЕ ДА СЕ СЛУЧИ?



Round Table and Summary of the Results from the AFIS agency

Following the conclusion of the survey, a press conference was given for journalists by the management of MIM Ltd. and Yuri Aslanov, head of the AFIS sociological agency. A round table with the participation of stakeholders was organised, and a press conference was given, presenting the results of the performed sociological survey on the topic of “Deep attitudes of the social and economic profile of the

population – household budget, employment structure, biography of the area’s settlement, and an assessment of the attitudes and intentions regarding the specific projects of Maritza Iztok Mines Ltd. for depopulation of the populated areas.”

Since the introduction of citizen registration, about 28 000 people were born in the villages of Beli Bryag and Troyanovo. Most of them have already passed away or permanently relocated elsewhere in the country or abroad, yet they have

heirs and rights. The issue of the inhabitants of these two villages' compensation and future is the most serious. All owners will be compensated in accordance with the market evaluations for the region. They are not the same as the ones in Sofia, Stara Zagora or other big cities.

The expectations of some people to become rich quickly cannot be fulfilled. There are people who refuse all offered options due to lack of trust in the just evaluations. Most of them demand to receive a new house, yet that is feasible within the boundaries of the municipality. Equal compensation for everyone is unfair – everyone will be compensated in accordance with their property. Every second inhabitant would like to receive compensation in the form of employment – especially the Romas who are currently working in the mines. The latter should be most prone to agree, as the expansion of the mines would also increase their income and create new employment opportunities.

Individual negotiations should be arranged with those who run businesses, as they will inevitably be shut down.

Maritza Iztok Mines has to come up with a general offer for the different groups, and anyone who rejects it would have to face the consequences alone.

The data presented above pertain to the period from the end of 2009 to the beginning of 2010. The economic crisis and the shrinking of MIM Ltd. Radnevo's investment programme changes the situation. Even a company with such economic power cannot meet the expectations of the some the two villages' inhabitants. Some of them do not wish to change their homes or village way of life. They expect to receive, in exchange for their own property (yard with related buildings and facilities), a similar one built elsewhere. They also believe that the state, as represented by MIM Ltd., is obliged to build, at a new site, a village of similar buildings, so that the already existing neighbour relations could be preserved. Arguments in support of this include the fact that this has already been done in 1989 – an example for that is the eastern part of the village of Bogomilovo, municipality of Stara Zagora, which is populated primarily by relocated families.

Conclusion

The presented information reveals the development of a process, whose significance would increase over time. These issues are faced not only by MIM Ltd. Radnevo, but also by anyone who constructs infrastructure facilities.

This is particularly important for sites of high national significance, considering the scale and territories included in the construction.

Several conclusions can be made considering the collected and analysed information:

1. Legislative changes are necessary in order to simplify the procedures for the expropriation of property for state purposes, similarly to the amendments made in the Law on Municipal Property.
2. Because no expropriation in order to erase populated areas has occurred after 1989, such a procedure has to be created and described in a separate law.
3. Amendments to the laws should be done in accordance with the basic understanding of sustained development and regulate the interaction of all process participants.
4. To ensure sustained development, the interaction of the local municipal authorities with the populations is particularly important, in order to avoid and prevent the occurrence of conflicts while building infrastructure facilities or expropriating real estate.

Considering that sustained development is based on long-term perspective, the inter-dependence between ecological, social and economic systems is taken into account, while equality and justice are fostered, local authorities should direct their tasks and activities towards the three dimensions of sustainability and consider the goals of economic, social and ecological development.

It is precisely the efforts of local self-governance that form the backbone of the global efforts for achieving sustainability. The accomplishment of these three elements depends, to a great extent, on the efficiency with which the municipality is run and managed. The role of governance and management in achieving sustainable municipalities is based on them.

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