

# **RULES OF FINANCIAL PARTICIPATION OF INVESTORS ON THE DEVELOPMENT OF PRAGUE 7 CITY DISTRICT**

## **Introduction**

Urban structure of Prague 7 was established as a complex system, whose scope of public and transport amenities was set for the capacity of existing buildings. New extensions of existing buildings, loft conversions, constructions of new buildings and other construction activities, including changes in use of buildings, result in an increase of gross floor space in housing and administrative buildings and in a growing demand on transport infrastructure, public amenities and public services.

An increase of housing and administrative spaces causes a demand of investments by the city district in its school system, health care, culture and social services and also creates a need of construction of new school buildings and an enlargement of existing school buildings, whose current capacities are on the edge of Prague 7's capabilities. A demographic study, commissioned by Prague 7 in 2016, confirms this trend. Public spaces are being used more intensively, which causes an increased need of their maintenance and cleaning.

For reasons stated above, Prague 7 City District adopted these Rules of financial participation of investors on the development of Prague 7 City District, in order to enable a financial participation of investors in creation of appropriate conditions in Prague 7 City District.

## **I. Used Terms**

Procedures and terms used in these Rules do not replace procedures and terms prescribed by the law. Unless these Rules state otherwise:

1. **Investor** is a person who builds a construction, i.e. builder according to sec. 2 par. 2 of Act. No. 183/2006 Coll., on spatial planning and building procedure (Construction Act)
2. **Construction** means any newly built or newly extended residential and non-residential premises, excluding reconstructions of these premises
3. **Public amenities** are, pursuant to sec. 2 par. 1 letter k point 3 of Act. No. 183/2006 Coll., on spatial planning and building procedure (Construction Act), constructions, facilities and land plots used particularly for education and upbringing, social services and family care, health care, culture, public administration and civil protection.
4. **Public services** are, pursuant to sec. 2 par. 2 of Act. No. 128/2000 Sb., on municipalities, services provided by a municipality when caring for general development of its territory, needs of its citizens and protection of public interest, i.e. education, healthcare, social services, culture, transportation, public space etc.
5. **Financial contribution** is a financial payment of the investor realized in order to cover the costs of new public amenities induced by a specific investment plan defined in the Cooperation Agreement concluded between the investor and the city district.
6. **Cooperation agreement** is a contract template, concluded pursuant to sec. 1746 par. 2 of Act No. 89/2012 Coll., the Civil Code, which constitutes an integral part of this document.
7. **Gross floor space** means, pursuant to sec. 2 par. g of Regulation No. 10/2016 Coll. of Regulations of the Capital City of Prague, a sum of area delimited by an outer outline of individual level constructions of a building except for open and partially open parts (balconies, enclosed balconies, passageways, roof terraces etc.). In levels with inclined walls or an inclined ceiling, only outer outline of construction in a height of 1.2 m above floor is taken into

account. For the purpose of this document, the definition of gross floor space is narrowed down to the definition of gross floor space of the given function (hereinafter referred to as “HPP”), pursuant to sec. 32 par. 3 of Regulation No. 10/2016 Coll. of Regulations of the Capital City of Prague, stating in Appendix No. 2 that the calculation of HPP does not include spaces of garages, basements, technical and auxiliary premises and objects of technical infrastructure.

- 8. Due date of the financial contribution** is a period until the third month following the calendar month in which a final zoning decision for the whole construction or its part has been issued. For well-founded reasons, Prague 7 City District may arrange with an investor a different due date.

## II. Rules

Prague 7 City District Municipal Assembly in resolution No. 0039/18-Z (hereinafter referred to as “the Resolution”) adopted on 16 April 2018 these Rules of financial participation of investors on the development of Prague 7 City District, on the account of growing demand on public amenities and services, arising from an increase of gross floor space of housing and administrative buildings on the territory of Prague 7 City District.

1. An investor, who plans to build a new extension of an existing building, a loft conversion, a new building or other construction activity, including changes in use of building, on the territory of Prague 7 City District, which causes a creation of 250 and more square meters of new HPP of housing or administrative building, is asked for a financial contribution. For well-founded reasons, an investor of other type of constructions that induces an increased demand on transport infrastructure, public amenities and public services may be asked for a financial contribution.

2. The amount of financial contribution is equivalent to multiplication of total square meters of HPP, for which a legally effective zoning decision has been issued (either for the whole project or its part) by the sum of CZK 500. For well-founded reasons, the city district and the investor may agree on a different form of contribution, that would serve the purpose stated in these Rules and that would be equivalent to the financial contribution.
3. A legal title for the payment of financial contribution is an obligation of the investor stipulated in the Cooperation Agreement, concluded by Prague 7 City District and the investor.
4. The financial contribution shall be paid on the bank account of Prague 7 City District No. 2000870339/0800.
5. Prague 7 City District hereby declares and undertakes to use the financial contribution only for the purpose and aim stated in these Rules.

### **III. Procedure of negotiation of the financial contribution with the City District**

1. In case the investor begins a negotiation with the city district before filing an application for the zoning decision, the investor shall be informed by the city district about the process of financial participation of the investor on the development of public amenities and public services on the territory of Prague 7 City District and the investor will be advised to make an appointment with the city district in order to specify the details of the Cooperation Agreement.
2. In connection with a preliminary statement of Prague 7 City District on the investor's project, the investor shall be informed by the city district about the these Rules of financial participation of the investor on the development of public amenities and public

services on the territory of Prague 7 City District and the investor will be asked to negotiate with the city district and conclude the Cooperation Agreement. The preliminary statement shall include a reference to the Resolution, whose appendixes include the Cooperation Agreement template and the Rules of financial participation of investors on the development of Prague 7 City District. The content of the preliminary statement on the investor's project is in no way influenced by the Rules of financial participation of investors on the development of Prague 7 City District.

3. In case Prague 7 City District receives a notification of the commencement of the procedure to issue a zoning decision pursuant to sec. 87 of Act. No. 183/2006 Coll., the Construction Act, the city district shall send the investor a request for the financial contribution according to the Rules of financial participation of investors on the development of Prague 7 City District. The request shall contain an accompanying letter with explanatory information including the Prague 7 City District Municipal Assembly's Resolution, the Rules of financial participation of investors on the development of Prague 7 City District and the Cooperation Agreement template. On the basis of received documents mentioned in the last sentence, a negotiation between the investor and the city district shall begin in order to specify the details of the Cooperation Agreement.

#### **IV. Final Provisions**

1. This document does not include a list of specific investment project of Prague 7 City District that shall be realized using investor financial contributions.
2. A Cooperation Agreement template forms an annex of this document. Rules of financial participation of investors on the development of Prague 7 City District and the Cooperation

Agreement template shall be posted on the website of Prague 7 City District, address: <https://www.praha7.cz/potrebuji-zaridit/stavba-rekonstrukce/planovani-stavby/financni-spoluucast-investora-na-rozvoji-mc-praha-7/>

3. This document comes into force and becomes effective on the day of its adoption by the Prague 7 City District Municipal Assembly and its announcement on the electronic official board.
4. This document may be amended only by a resolution of the Prague 7 City District Municipal Assembly
5. A decision to provide a financial contribution shall not in any way influence the city district's statement as a party of the procedure to issue a zoning decision pursuant to sec. 85 par. 2 of Act. No. 183/2006 Coll., the Construction Act, regarding the project that is the object of the zoning procedure.

Annex: Cooperation Agreement template