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informacij



Strategic Plan on Circular Land Management 2024 - 2030

Summary



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MINISTRY OF NATURAL RESOURCES AND SPATIAL PLANNING
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Foreword

The Strategic Plan on Circular Land Management was prepared as part of the project entitled "Common Infrastructure for Spatial Information within the Green Slovenian Location Framework – planning, establishment and management", which forms part of the Green Slovenian Location Framework (hereinafter: Green SLO4D). Green SLO4D follows the objectives of the EU Green Deal and operationalises some of the objectives of the European Data Strategy in Slovenia. Common European data spaces for public administrations will support innovative uses of government, regulatory and legal technology, as well as other services in the public interest. The aim of such data spaces is to overcome legal and technical barriers to sharing data between organisations by combining the necessary tools and infrastructure and addressing trust issues, for example through common spatial rules. The overarching substantive push to overcome the legal and technical barriers to spatial data sharing is the green transition of Slovenian society and economy. The digitalisation of data and processes is an important tool for implementing the green transition. One of the biggest changes envisaged by the green transition is the phasing out of new land development to a stage of no net land take. The concept that will enable such a change to be phased in is circular land management.

The Strategic Plan on Circular Land Management 2024–2030 is the result of an in-depth analysis of studies, strategies and projects related to the principles of circular land management and an analysis of the actual situation in Slovenia. The document sets out measures to introduce circular land management in different areas. It identifies the needs for its introduction, describes the expected impact of the plan on circular land management and its added value for stakeholders. Finally, the key priority projects are highlighted, the institutional framework is explained and monitoring indicators are presented.

One of the key results of the project was the involvement of public authorities in the design of proposed actions that could be implemented by the different sectors of the ministries to achieve the objectives of the transition to a circular economy. The content of the Strategic Plan on Circular Land Management in Slovenia was presented publicly at the conference, and proposals for action were discussed through workshops with individual ministries that had expressed interest in the concept. In line with the findings of the workshops, these were refined and adjusted into the final proposal set out in this document.

The measures and projects foreseen in the Strategic Plan on Circular Land Management are, with a few exceptions, long-term. In the future, the proposed measures will need to be planned in more detail up to the implementation level, communicated with the various stakeholders (public, professionals, policy) and implemented. Given the breadth and interdisciplinary nature of the Strategic Plan on Circular Land Management, as well as the long-term horizon of its implementation, it is more reasonable to pursue the implementation of individual measures and projects rather than to develop a single operational plan for circular land management.

This text presents a summary of the document **Strategic Plan on Circular Land Management 2024–2030**, focusing on the key themes and findings.

1 Introduction

All human activities need space to function, but space is absolutely limited and subject to constant pressure. Economic activities, in particular agriculture and manufacturing, as well as certain service sector activities such as trade and tourism, require extensive areas of land to function; high levels of mobility for people and goods are the required standard of our time and entail substantial needs for adequate infrastructure; achieving the green transition will require investment in renewable energy sources; and in the housing sector, there are strong ambitions to construct new housing, including public housing, together with the necessary infrastructure. At the same time, protecting natural ecosystems, water, farmland and forests are increasingly important social values. **All of the above give rise to competing interests in land use, which is why so-called circular land management represents the only viable response to the current situation.**



Figure 1: Pressures on land.

The **concept of circular economy** represents a shift from the current dominant so-called linear economic model of "take – make – use – leave", based on the use of large amounts of resources and energy, to a circular model that takes into account resource scarcity and conserves natural resources while making the most of the resources that are already in use. The circular economy is based on the idea that material goods never become waste and that nature or natural resources are constantly renewed.

The concept of the circular economy is also of paramount importance for spatial development. The spatial system is a dynamic system in which feedback loops are continuously formed and may have either negative or positive effects. Our current approach treats space and spatial development largely according to a linear principle, which assumes constant growth, leading to ever-increasing consumption of natural resources, expansion of built-up land and escalating pollution and environmental degradation. Space and natural resource constraints no longer allow such an approach today. This realisation also calls for a **prompt transition from a linear model to a circular land management concept in the area of space management. The circular land use must be at the heart of all spatial activities, i.e. spatial planning, land policy and construction.** In Slovenia, it is therefore necessary to ensure that the areas needed for housing, economic and social activities are acquired preferentially through the reuse of buildings and land, rather than through new construction and the development of additional land, and that new construction is directed towards land within settlements, where public infrastructure and public passenger transport are already in place to the greatest extent possible, which considerably reduces the demand for new materials and natural resources and consequently the need for encroachment on land in an agricultural function. Activities in this area need to be supported by appropriate spatial planning, land, regulatory and economic measures underpinned by a comprehensive and integrated spatial information infrastructure and by awareness-raising and empowerment of decision-makers and other land development actors.



2 Principles of circular land management

The **principles of circular land management for the construction of buildings and infrastructure**, ranked according to the degree of compatibility or permissibility (shown in **Napaka! Vira sklicevanja ni bilo mogoče najti.**) are the following:

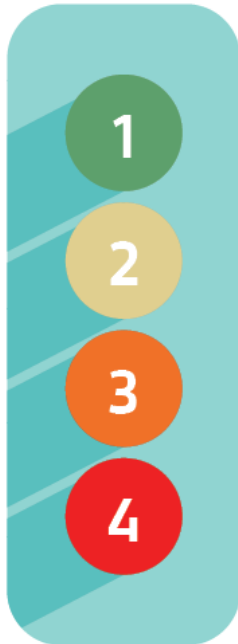


Figure 2: A traffic light that displays lights in accordance with the four principles of circular land management.

1. Restoring functionally degraded areas and buildings instead of building on vacant building land ('brownfield' instead of 'greenfield'):
 - renovation of the building stock instead of new construction (only if less energy and materials are used than if the building is demolished and a new one built);
 - replacement construction instead of new land development (demolishing old buildings and building new ones on the same site);
 - building on vacant building land in functionally degraded areas.
2. Building on vacant building land that is already serviced and meet the spatial planning requirements regarding plot shape or size;
3. Building on remaining vacant building land with already established public passenger transport, which uses the least new resources for new community infrastructure and adds the least to the environmental burden (including in terms of utilities, mobility and the dispersion of built-up land);
4. Re-purposing of agricultural and forest land to building land in areas with the least need for new resources for public utilities and the least additional contribution to pollution and encroachment on nature, while taking care to protect quality soils for crop production (priority to degraded land), taking into account compensatory/offsetting measures.

3 Strategic Plan on Circular Land Management

Slovenia has integrated the EU Soil Strategy's target of reducing the net land take into the following national strategies and programmes: the National Programme for Environmental Protection 2030, which foresees a 25% reduction in the net land take by 2030 and no net land take from 2050 onwards, which is also taken as a starting point in the Spatial Development Strategy of Slovenia 2050 (SPRS), which also foresees a reduction in the proportion of functionally degraded areas.

The goal of '25% reduction in the net land take by 2030 and no net land take from 2050 onwards' is also integrated in the Strategic Plan on Circular Land Management and set as the central strategic goal pursued by the plan.



Figure 3: Illustration of the strategic objective by 2030 and 2050.

The area of built-up land (as defined in the ZUreP-3) in Slovenia is 115,523 ha, which covers 5.70% of Slovenia's surface area. Data on actual land use, which are primarily collected to monitor the availability of agricultural and forest land¹, show that the average annual net land take in Slovenia in the period 2014–2022 was 630 ha per year (RKG statistics, 2023). A continuation of this trend would mean that 5.88% of all land would be built on in 2030 and 6.50% in 2050.

To achieve the intermediate and final strategic objectives, the net land take should be reduced. Assuming a linear decrease, the total net land take in the period 2023–2030 would thus be 3,780 ha (instead of 4,410 ha, as would be the case under current trends). However, over the whole period from 2023 to 2050, the strategic objective (assuming a linear decrease) allows for a total net additional land take of 8505 ha, which is about half of what would result from the current trends (17640 ha). This would stabilise the share of built-up land at 6.1% by 2050.

The strategic objective therefore does not require an immediate halt to additional development, but it does require that the overall net land take is reduced by about half in comparison to the current trend.

¹ The register of actual use of agricultural and forest land covers the whole country and includes the category of built-up land. The built-up land included in this register are not primarily intended to monitor the land take, as the register is intended to establish the actual state of land use as a condition for the implementation of the EU's Common Agricultural Policy measures. Nevertheless, it is a register with a long time series and was therefore also used to provide an informative overview of the changes in built-up land by year. Despite its methodological shortcomings, the data are currently the best available for our country and allow us to monitor, at least indicatively, trends in the land take.



4 Justification of the need for a circular land management plan

The need to introduce circular economy in the field of space management is justified through the principles and requirements set out in key European and national strategic documents, as well as through an analysis of extent of built-up land, the age of the building stock and the actual housing occupancy in Slovenia.

The key bases for the Strategic Plan are:

- EU Soil Strategy
- EU Green Deal
- The new EC Circular Economy Action Plan
- National Environmental Action Programme 2020–2030
- Spatial Development Strategy of Slovenia 2050

Many cities/regions around the world have adopted circular economy transition strategies, but these often do not contain concrete measures or these measures are not implemented. **There are many individual successful examples of revitalising functionally degraded areas, but the challenge remains how to move from a project-based approach to a national circular land management system, how to translate strategic orientations into concrete measures and actions, and how to create a sustainable financial mechanism to support circular land management investments.**

4.1 Analysis of the situation in Slovenia

An analysis of the current situation in Slovenia shows an unfavourable situation regarding the land take, the age of buildings and dwellings, functionally degraded areas and building trends.

Data on the number and size of the building stock show that there will be a significant need for renovation or new construction in the coming years. Almost two thirds of the existing buildings were built before 1980, which shows that the **building stock in Slovenia is old**. According to data of the Statistical Office of the Republic of Slovenia, there were **152,200 vacant dwellings in Slovenia in 2018, which is 18% of all dwellings**. The phenomenon is particularly common in the centres of historic cities, where it is estimated that as many as 35–40% of buildings are partially or completely vacant, and 70% of buildings are in need of complete renovation, including static rehabilitation and the renewal of worn-out infrastructure installations. Simultaneously, in Slovenia, as in other parts of the world, **already occupied spaces are undergoing functional degradation**, resulting in underused or abandoned areas with reduced use value. According to the register of functionally degraded areas (FDAs), there are 1,070 FDAs in Slovenia larger than 2000 m² within urban settlements and larger than 5000 m² outside urban settlements, with a total area of 3,225 ha, which represents 0.16% of Slovenia. These areas, if properly revitalised, also represent potential for further development.

Without the introduction of circular land management principles, new built-up land is expected to grow rapidly, given current trends in space. The data show that **new development often comes at the expense of land currently in agricultural use**. Since 2015, 30% of building permits have been issued on land in actual agricultural use, and its area of built-up land has increased by 6.5% since 2010. In order to take action to halt such trends, it is essential to ensure systematic monitoring of built-up land at national level.

5 Measures

The measures respond to the causes of the current situation and aim to achieve the stated objective of the Strategic Plan on Circular Land Management. They are classified in 6 principal categories:

1. Infrastructure for spatial information (ISI)
2. Spatial planning measures
3. Land measures
4. Empowerment and promotion measures
5. Regulative measures
6. Economic and financial measures

5.1 Expected impact of implementation of measures

The implementation of the measures is expected to have a positive impact on different stakeholders and different areas of human activity, space as a natural asset and other natural resources.

Environment – revitalisation of functionally degraded areas, densification of built-up land and the use of existing public infrastructure, as well as sustainable mobility, will have an impact on the reduction of environmental degradation (reduced consumption of resources, reduced air and soil pollution, preservation of a high level of biodiversity, etc.). Data-driven decision-making and upgrading of information systems will improve environmental monitoring, thereby increasing the level of risk management of environmental and natural disasters.

Food self-sufficiency and agriculture – directing development to existing settlement areas will protect agricultural land from further loss, resulting in maintaining food security levels and keeping rural areas populated, thereby strengthening agriculture as an economic activity and employment potential.

Spatial management authorities – upgrading the spatial information infrastructure will contribute to more efficient work of administrative authorities, simplification of administrative procedures and reduction of the time needed to prepare spatial planning acts and issue decisions in administrative procedures. The objectives set are more likely to be achieved, as integration and coordination between sectoral policies will be facilitated.

Economy – reduced uncertainty and costs for investors due to more reliable and complete records, training of municipalities to conduct an active land policy and simplification and shortening of administrative procedures will increase the volume of investments by the business sector, individual investors and the state/municipalities. This will increase employment and challenge the construction sector to gain a competitive advantage in foreign markets in the field of building renovation. The digitalisation of high quality and interconnected data and processes will reduce the costs of the industries that make the most intensive use of digital single-space data and their products (maps, web services), enable savings in various administrative activities, optimise the taxation of immovable property and thus increase the revenue of the state budget.

Population – positive impacts on the population stem from all of the benefits listed above; increasing the quality of the natural and living environment, local food supply, good accessibility and sustainable mobility will raise living standards, alongside bringing more quality jobs as a result of the positive economic impacts. More efficient administration will reduce the cost and time for individual investment, while revitalising unused existing building stock will increase the availability of suitable housing. High-quality, linked and publicly accessible spatial data will help empower citizens to participate in shaping spatial policies and plans.

All the measures foreseen in the Strategic Plan are presented below in a common table and briefly explained. Descriptions of measures indicating key holders, foreseen timeline, an indicator demonstrating the effectiveness of individual measures and possible risks are detailed in the original Strategic Plan on Circular Land Management 2024–2030.



5.2 Measures of the Strategic Plan

ISI	SPATIAL PLANNING MEASURES	LAND MEASURES	EMPOWERMENT AND PROMOTION	REGULATIVE MEASURES	ECONOMIC AND FINANCIAL MEASURES
Establish and maintain building land data	Incorporate the principles of circular land management into the general settlement guidelines under the Spatial Planning Act (ZUreP-3)	Restructure building and other land in terms of ownership and plots	Establish a circular land management office/agency	Establish an economic zone management system and link incentives for economic investment to the principles of circular land management	Higher taxation of unused building land and housing
Establish built-up land data to monitor the achievement of the no net land take target	Establish settlement and other planning zones and permanently protected agricultural land for the whole of Slovenia	Encourage the drawing up of building land supply plans in such a way that these plans take account of circular land-use management principles	Establish new circular land management working groups	Change housing regulations (regulating the public and private rental market)	Reduce taxation of housing rental income
Direct link between legal spatial data and the real estate cadastre	Make analysis of the potential of town centres for residential and commercial activities	Active land policy to activate functionally degraded areas and vacant building land within settlements	Training and empowerment activities for circular land management		Change to the system and level of compensation for change of use of agricultural land
Set up a joint monitoring system for spatial interventions	Develop thematic action programmes that take into account the principles of circular land management		Launch a circular land management portal		Establish a circular land management fund
Introduce BIM for new and replacement buildings	Develop guidelines on soil de-sealing in public and private urban areas				
Establish tenancy registration					
Establish a green space data system for major cities					

Table1: Measures of circular land management

5.2.1 Infrastructure for spatial information

The basic information support for spatial planning and real estate management is provided by the official data of the so-called land or real estate administration system, which must contain all the facts about a space or real estate. These are data on the legal and natural persons who hold rights to real estate, data on the physical characteristics of the real estate and data on the legal characteristics of the real estate – i.e. the rights, restrictions and obligations of the holders of rights to real estate.

MEASURE: Establish and maintain building land data

The measure consists of recording and maintaining the actual use of populated land, actual use of transport infrastructure, functionally degraded areas and vacant building land, along with their characteristics and stages of development, providing data crucial for applying circular economy principles.

MEASURE: Establish built-up land data to monitor the achievement of the no net land take target

In order to monitor the no net land take target, an appropriate and maintained data source on the built-up status needs to be identified. A baseline needs to be established to make the target of a 25% reduction in annual land take by 2030 and no net land take from 2050 onwards measurable.

MEASURE: Establish a direct link between legal facts on space and the real estate cadastre

The linking of the data of the statutory legal regimes and spatial planning acts with the data of the real estate cadastre and the registration of easement areas and building rights in the cadastre will enable the transparency and accessibility of information on the rights, restrictions and obligations of the holders of rights on real estate units.

MEASURE: Set up a joint monitoring system for spatial interventions

The joint monitoring system for spatial intervention is designed to record changes and coordinate responses to spatial interventions. The system is expected to be used mainly by the inspection services of the different ministries. To achieve circular land management, it is essential to target appropriate interventions and prevent unauthorised ones, including through monitoring.

MEASURE: Introduce BIM for new and replacement buildings

The data on all 7 parameters of a building (3D + time + management + maintenance + cost) included in BIM are extremely important for the identification of its characteristics and suitability for new use in the design process according to the principles of circular land management, so it would make sense to introduce the BIM system for all new constructions, replacement constructions and eventually also in the process of major reconstruction of buildings.

MEASURE: Establish tenancy registration

Data on tenancy collected in one place would be the basis for housing policy measures, monitoring of rents and entry into the register of public rental housing. The measure will make an important contribution to the regulation and transparency of the rental market, which will have a positive impact on the activation of vacant dwellings (which in turn means that fewer dwellings need to be built anew).

MEASURE: Establish a green space data system for major cities

Soil sealing is the most extreme negative consequence of sprawl: soils lose their ecosystem functions, vegetation cover and natural ability to absorb water and heat. The largest and continuous areas of sealed soil are found in larger settlements or cities, where they can lead to changes in the water regime and the formation of heat islands. It makes sense to set up urban green space cadastres for major cities, the data from which would be available for planning circular land management measures. Planning measures and incentives for unsealing soil for private owners would also be linked to this information.

5.2.2 Spatial planning measures

Circular land management must be at the heart of all spatial activities, i.e. spatial planning, land development measures and construction. In Slovenia, it is therefore necessary to ensure that the areas needed for housing, recreation and work are acquired preferentially through the reuse of buildings and land, rather than through new construction and the development of additional land. Spatial planning measures play an important role in this.

MEASURE: Incorporate the principles of circular land management into the general guidelines of spatial management authorities

The action includes the development of guidelines on the permissible development of existing building land and its expansion, taking into account the principles of circular land management. It also includes support to line ministries in updating sectoral guidelines and relevant expert documents for spatial planning. This means that the guidelines must be clear and unambiguous, supported by data.

MEASURE: Establish settlement planning zones and permanently protected agricultural land

The measure foresees that the Ministry of Natural Resources and Spatial Planning (following the example of the Ministry of Agriculture and Rural Development) commissions an expert document for the establishment of settlement planning zones, areas for long-term settlement development and other planning zones for all municipalities in the country, with a clear methodology (following the example of permanently protected agricultural land). At the same time, its aim is to assist municipalities in integrating and reconciling the data from the two expert documents, as well as in communicating with spatial planning authorities.

MEASURE: Analyse the potential of city centres

As a result of suburbanisation, much of the building stock in city centres has remained vacant and has undergone gradual degradation. To more accurately assess the overall potential offered by all Slovenian city centres, it is necessary to produce an analysis with data on the number of vacant buildings in city centres by ownership (public, private) and by function (residential, commercial). Such analysis is also necessary to determine the scope of needs for additional housing area.

MEASURE: Develop thematic action programmes (TAPs) that take into account the principles of circular land management

The TAPs for the implementation of the SPRS comprehensively plan the subject areas which are within the competence of the state and which are important for its spatial development and, in accordance with the ZUreP-3, a TAP is also considered to be a development planning document in accordance with the regulations governing public finances. The measure foresees the drafting of the TAP for housing and the TAP for the economy. The TAP for tourism and the TAP for RES are already determined by the SPRS 2050. TAPs will identify key priority areas for specific activities, provide guidance for planned land use and spatial design planning, and determine the implementing spatial regulation.

MEASURE: Guidelines on soil unsealing in public and private urban areas

The guidelines should include measures for unsealing, such as greening of soils and roofs, replacement with permeable materials, water retention measures, etc., with the aim of restoring the soil's natural processes and allowing water to infiltrate into the soil. The guidelines should be useful for spatial planning and should also provide a basis for pilot projects.

5.2.3 Land measures

Land measures are key measures that will help to activate vacant building land and existing buildings. Often, it is the unregulated plot and ownership situation that hinders activation.

MEASURE: Restructure building and other land in terms of ownership and plots

Inadequate plot and ownership structures are one of the fundamental obstacles to the renewal of the existing building stock and the re-use of functionally degraded areas. The measure encompasses the development of an expert basis and instructions (including pilot projects) for consolidating vacant building land, the training of land administration staff, and the creation of a service with an interdisciplinary team to provide organisational and technical support to municipalities in administrative land consolidation procedures.

MEASURE: Encourage the drawing up of building land supply plans

The building land supply plan constitutes the basis for the implementation of municipal and state land policy measures in accordance with the ZUreP-3 and the acquisition, disposal and management of land in accordance with the act regulating the real property of the state and local communities. The measure would ensure an adequate profile of the 'stock' of building land for economic development or strategic investment by stimulating the creation of building land supply plans.

MEASURE: Introduce active land policy to activate degraded and vacant building land within settlements

The measure includes the contractual development of degraded land (as a priority) and vacant building land, starting already at the stage of preparation of a detailed spatial plan; the introduction of specific instruments for the consolidation of ownership in functionally degraded areas, including expropriation; the establishment of building land funds at municipal, inter-municipal or regional level, which enable the local community or the region to play an active role in the land market.

5.2.4 Capacity building and awareness-raising measures

Implementing the principles of circular economy involves a number of technical tasks for which there is currently a lack of knowledge or trained professionals. In addition to those listed below, the measures of empowerment and training of spatial development authorities, in particular municipalities, are also included in the activities of some of the actions in other areas.

MEASURE: Establishment of a circular land management office/agency

An office or agency for circular land management shall be set up within the ministry responsible for spatial planning. Its main tasks would be to coordinate and harmonise the implementation of measures by different government departments and sectoral interests in line with the principles of circular land management, to provide support for the channelling of resources for the implementation of projects (European and existing public funds), to prepare proposals for the modernisation of the institutional framework for spatial planning, and to provide technical and implementation assistance to municipalities in their spatial management activities. It would be also responsible for training key players in the field of circular economy and promoting the benefits of such an approach, as well as integrating circular economy themes into the programmes of research groups, universities and higher education institutions.

MEASURE: Establish new circular land management working groups

As the creation of new institutions (the office/agency described in the previous measure) requires time to complete the formal procedures, the provision of human and financial resources and the appropriate legal basis, the following should be created as soon as the plan is approved, in order to make the implementation of the plan operational:

- expert group for circular land management (with the help of external experts),
- inter-ministerial circular land management working group,
- governmental steering group for circular land management.

MEASURE: Training and empowerment activities for circular land management

The measure includes training and empowerment, exchange of good practices and promotion of circular land management for staff working in the land administration system and in municipalities and local

decision-makers. It also supports activities to raise general awareness of the importance and principles of circular land management through various media (social networks, newspaper columns, podcasts, TV programmes).

MEASURE: Launch a circular land management portal

The portal will be used to raise awareness among the general public, promote circular land management and network stakeholders. It will provide simplified explanations of the concept of circular land management, educational content, data, analyses and information on the work of research groups and experts in the field, as well as information on the implementation of measures, the level of achievement of goals and the sources of funding for the implementation of activities based on the principles of circular land management.

5.2.5 Regulative measures

In addition to those listed below, a number of land and spatial planning activities also include regulative measures. Many of the measures already mentioned will also require changes to existing regulations. This chapter therefore only mentions two groups of measures whose content is linked to the economic and housing sectors.

MEASURE: Establish an economic zone management system and link incentives for economic investment to the principles of circular land management

The action consists of amending or adopting a new Priority Investment Promotion Act with the following content:

- The procedures for implementing spatial planning acts for the detailed planning of priority areas for economic zones and the permitting procedures in priority areas are prioritised.
- Organising the development and management of priority areas.
- Specific provisions on the implementation of land policy measures (the operator is the expropriating party).
- Prioritising the management of business and economic zones by renting out vacant building land with building rights instead of selling it.
- Taking into account the principles of circular land management as one of the criteria for awarding investment incentives.

MEASURE: Change housing regulations (regulating the public and private rental market)

The measure consists of adjusting rules and conditions in different areas of housing:

- Improving the conditions for the operation of the public rental service², i.e. changing the conditions for participation so that more dwellings are included in the scheme:
 - a. Aligning the rent level so that the rent offered is closer to the expected rent.
 - b. Aligning the conditions for renting a dwelling in this scheme so that only essential documentation is required.
- Reducing taxation of housing rental income.
- Higher rate of charges for unused (empty) dwellings.
- Increasing legal certainty for property owners (landlords).

² PRS is a form of state assistance in the provision of rental housing, whereby the state rents out vacant privately-owned housing and then sublets it to sub-tenants. The Housing Fund of the Republic of Slovenia is responsible for the establishment, organisation and operation of the public rental service. The Public Rental Housing Service plays the role of facilitator and service provider between the tenant and the landlord throughout the rental housing management process.

- Prioritising the provision of public rental housing by renting or buying and, where necessary, renovating existing housing units.
- Establishing mechanisms for comprehensive neighbourhood renewal (regulatory measures, financial mechanisms, professional support for the implementation of renewal). Comprehensive renovations include energy, seismic and functional renovation. Regulating the conditions for carrying out renovations in multi-apartment buildings with fragmented ownership.
- Regulating the conditions for short-term renting of accommodation.

5.2.6 Economic and financial measures

Implementing the principles of circular land management will entail additional activities and costs for the State, municipalities, and private investors. These concern, in particular, the rehabilitation of functionally degraded areas; the renovation of existing buildings as an alternative to new construction; the introduction of spatial planning and an active land policy grounded in the principles of circular land management; and the provision of detailed, micro-level data on the legal status of land development.

The rapid and rigorous implementation of circular economy principles may result in reduced investment in the short term. To manage the risks and potential side effects associated with the introduction of the principles, it is appropriate for the State to establish a mechanism for co-financing public and private investments consistent with the principles, alongside the introduction of regulatory constraints. It would be sensible to set up an independent public fund for circular land management (the 'CLUM Fund') under the responsibility of the Ministry competent for spatial policy.

MEASURE: Higher tax burden on unused land and dwellings

The following measures will be introduced to encourage the use of existing real estate instead of acquiring and investing in new real estate:

- A tax on dwellings that are neither owner-occupied nor rented, replacing the current taxation of real estate under the Civil Tax Act.
- Tax on vacant building land. Whether the tax is paid by the owner or by the municipality depends on the development stage of the building land as defined by the Spatial Planning Act (ZUreP-3).
- The revenue generated from these charges constitutes dedicated revenue for the planned circular land management fund.

MEASURE: Reduce taxation of housing rental income

A lower taxation of renting would encourage a greater supply of renting existing vacant housing and reduce the incentive for undeclared renting.

MEASURE: Change to the system and level of compensation for change of use of agricultural land

Today, compensation is set at a nominal amount per square metre according to the rating of the land, but only for the floor area of the building and not for the total area of the land. The levy thus set is not proportionate to the estimated increase in the value of the land due to the change in land use. The measure includes an update and revision of the current system and levels of compensation for change of use of agricultural land.

MEASURE: Establish a circular land management fund

The main purpose of the CLUM Fund will be to finance and implement the measures identified in this Strategic Plan and to co-finance investment projects that respect or contribute to the implementation of the principles of circular land management.

The Fund will primarily follow the partnership principle in investment tasks. This means that it will typically act as a co-funder or co-investor in partnership with an interested investor from the public or private sector, actively seeking and promoting opportunities for partnership investments in circular land

management (e.g. joint investments by several municipalities, joint investments by the state and municipalities, joint investments by public institutions and private partners, investments by private investors).

As a co-funder or co-investor, the Fund will primarily support the types of investments covering the following areas:

- housing supply: housing is provided mainly through the renovation of existing housing stock or the construction of new buildings on degraded land,
- economy: investments in the upgrading of economic zones in functionally degraded areas, programmes for the simultaneous and integrated renovation or revitalisation of old city centres for tourism, cultural and residential purposes (simultaneous renovation for all three purposes),
- spatial planning and land policy: investments in the rehabilitation of functionally degraded areas, the restoration of old and non-functional buildings, the enhancement of the use value of heritage buildings, the greening of building plots and buildings in urban areas, and investments in the servicing of land whose use for building purposes is in line with the principles of circular land management (e.g. agglomeration),
- material economy: investments with a high share of re-use of materials for the construction or rehabilitation of buildings and functionally degraded areas.

The Fund would act as a single-entry point for investors who are already receiving financial support from different funds, but have to apply to each fund separately, which can lead to mismatches between the planned investment course and the timing of funding, and sometimes prevent timely applications. In cooperation with the investor, the Fund would prepare a co-financing project from various sources (public and budgetary funds, municipal sources, European sources and sources from other support institutions). The proposed project would then be considered as a joint project with funding from different funds and other sources, to be decided in a single procedure. The Fund would be the authority implementing such a procedure and later also the authority implementing or supervising the project.

The national budget will have to provide earmarked assets when the Fund is set up and the means to implement the measures in the first years of operation. These resources can be increased in the short term from European sources, one-off transfers of unused resources from other funds and also by borrowing from the Fund. In the longer term, the Fund's activities can be expected to be at least partly financed from the returns on its investments and from earmarked resources.

6 Institutional framework for the implementation and monitoring of the plan

Two new institutions will play a central role in the implementation of the Strategic Plan:

- circular land management office or agency
- circular land management fund

As the establishment of new institutions requires time to complete the formal procedures, the provision of human and financial resources and the appropriate legal basis, the following should be created as soon as the plan is approved, in order to make the implementation of the plan operational:

- circular land management expert group,
- inter-ministerial circular land management working group,
- governmental steering group for circular land management/Spatial development commission.

For more information on the work of each group, see the original Strategic Plan on Circular Land Management 2024–2030.

7 Indicators for monitoring the results of the plan

Five indicators have been designed to monitor the overall results of the Strategic Plan:

- I1: Net land take.
- I2: Area and number of functionally degraded areas.
- I3: Percentage of building permits granted on grassland (according to the records of actual use of agricultural and forest land).
- I4: Percentage of building permits granted on fields and permanent crops (according to the records of actual use of agricultural and forest land).
- I5: Number of vacant dwellings.

Each indicator has a definition, a baseline value, a unit of measurement, a target value, a data source and methodological notes. Some indicators are shown with the baseline value currently available; even if the data source used to calculate the indicator is not the best, it is the only one we have. For this reason, some indicators have explanatory notes added in the Developing the indicator section, describing the activities needed to further develop the indicator.

In addition to the general indicators listed above, each of the measures has specific performance indicators that will show how well it is being implemented.

Details of both the overall five outcome indicators of the overall Strategic Plan and the individual indicators for each of the planned actions are provided in the original Strategic Plan on Circular Land Management 2024–2030.

8 References

All references are listed in the original Strategic Plan on Circular Land Management 2024–2030.