

INFORMATION USED IN PUBLIC REAL ESTATE MANAGEMENT

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ABSTRACT

Nowadays information is important in every field of life, in the scope of public real estate management too. The world is more and more globalised and new technologies are used. The society requires to have an access to such systems that some years ago were only available to officials.

The paper describes principles of public real estate management. The aim of the paper is to pay attention to the information and its importance in decision-making processes of public real estate management. There is no good decisions without proper information. The paper also presents a case study of Poland – information used in chosen public real estate management procedures.

Key words: information, real estate, management, public resource

INTRODUCTION

Nowadays information is important in every field of life, in the scope of public real estate management too. The world is more and more globalised. Poland was scored at 24 place for globalization index 2016 (Table 1). Its level of globalization is still increasing. It is in the middle of the ranking (Figure 1). Ireland ranks the first and India the last place of the globalization index list (Weiß et al. 2018).

The paper pays attention to the information and its importance in decision-making processes of public real estate management. The purpose of the study is to indicate the amount of information required for the proper procedures' realization and their scope.

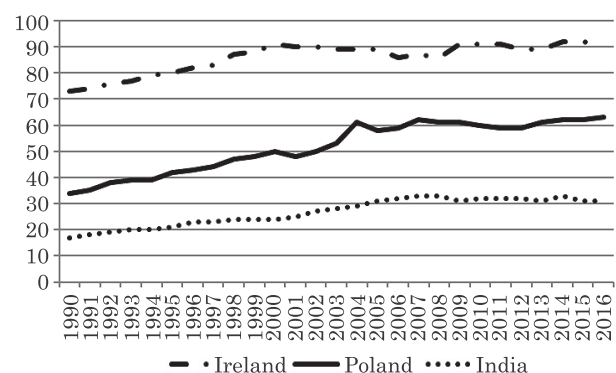


Fig. 1. Globalization index for Poland (1990–2016)

Source: own study based on Weiß et al. (2018)

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Table 1. Globalization index for 2016 for Poland in comparison to countries with the highest and the lowest score

Country	Ranking	Globalization index	Country	Ranking	Globalization index
Ireland	1	91.32	Estonia	14	70.72
Netherlands	2	91.06	Czech Republic	15	70.20
Belgium	3	85.62	France	16	70.18
Switzerland	4	83.11	Slovakia	17	66.46
Denmark	5	77.26	Germany	18	66.29
Sweden	6	76.53	Spain	19	65.98
Austria	7	75.50	Lithuania	20	64.96
United Kingdom	8	74.87	Australia	21	64.82
Finland	9	72.72	Bulgaria	22	63.70
Hungary	10	72.40	Italy	23	63.23
Canada	11	71.69	Poland	24	62.57
Norway	12	70.92
Portugal	13	70.81	India	42	30.93

Source: own study based on Weiß et al. (2018)

MATERIALS AND METHODS

The research was divided into five stages (Figure 2). Literature review is used at the first four stages. We used case study method (Polish examples) at the last stage of the research.

The first stage of the research was determination of four public real estate management principles: the principle of achieving public goals (with principle of subsidiarity), the principle of proper economy, the principle of openness and transparency of the management and the principle of effectiveness and rationality of the management.

Then decision-making process in PREM was introduced. The authors also pay attention to the criterions that such information in PREM should meet. The fourth stage of the research was pre-

senting different types of information used in PREM and its usefulness for the purpose of PREM. At the last step we chose four management procedures as a case study – sale, land division, land consolidation and division and compulsory purchase. Then we determined some examples of information about real estate, which is necessary to complete different procedures in accordance with up to date rules of law.

PUBLIC REAL ESTATE AND THE PRINCIPLES OF ITS MANAGEMENT

In this paper public real estate is understood as a property intended for public purposes realization – according to Real Estate Management Act – REMA (1997). It should also satisfy collective needs

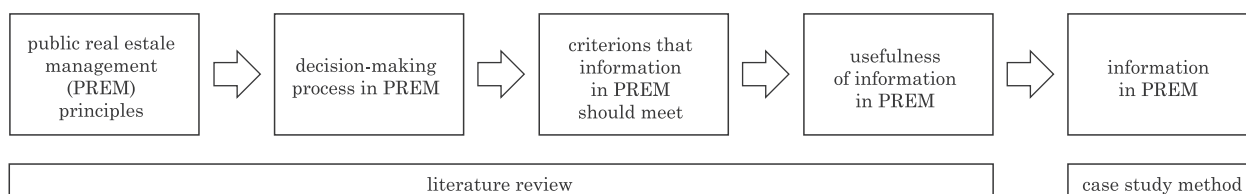


Fig. 2. The stages of the research and methods used in the paper

Source: own study

of the society. In Poland it is a real estate in State Treasury's or self government units' ownership (municipality, district or voivodship). REMA (1997) contains the list of public purposes. They are relatively opened. It means that other public purposes will be determined in other legal acts (Supreme Court's Resolution 2003).

Real estate management should be based on four basic principles (Figure 3). There is a principle of subsidiarity. Pessel (2010), following Łączkowski (2006), claims that "all higher structures (to which the state ranks first), as well as local government units should only undertake only these tasks that the lower structures and units cannot do". This means that activities at a higher level perform an auxiliary function for the lower level, e.g. a voivodeship or district for the municipality.

Therefore, the basic purpose of public real estate management is the implementation of a generally understood social interest. Social interest, a concept identical with the concept of public interest, means what is in accordance with generally applicable law and is beneficial for the whole society. "Public interest is also a common interest and everyone is responsible for it (...), it inspires the legislative process of shaping the immediate reality to the global dimension. Finally, it should be noted that not only public administration activities should aim at achieving public interest, but also society should participate in socially useful activities (...)" (Ziniewicz 2012). Moreover, Pakuła (2000) states that "the public interest is a social lens that on the one hand determines the limits of permissible state interference, in particular public administration bodies (government and local government) in social

and economic relations and civil rights and freedoms, and on the other hand – borders of the arbitrariness of one's behavior".

According to article 12 of REMA (1997) the management of public real estate should take place on the basis of a proper economy. This means that public entities undertake a range of real and legal actions, which aim is to use public real estates in accordance with their purpose (implementation of public goals) and function (meeting society's needs). This feature distinguishes the management of public real estate from private one. As a part of performing legal activities, the realization of proper economy's principles also means a proper defining of the ownership right and its protection, as well as ensuring the durability of signed contracts and equipping in the necessary technical infrastructure devices (Struzik and Żróbek 2009, Gross 2010, Pessel 2010, Żróbek and Żróbek-Różańska 2010).

Public real estate management should also be based on Public Finance Act – PFA (2009) [UOFP] (Journal of Laws No. 157, item 1240, as amended). It provides detailed rules of public real estate financial management, taking into account the principle of openness and transparency of public finances. According to PFA (2009) the openness principle is implemented, among others through "public disclosure of information regarding:

- a) the scope of tasks or services performed or provided by the unit and the amount of public funds transferred for their implementation,
- b) the terms and conditions of providing services to authorized entities,
- c) the terms of payment for provided services".

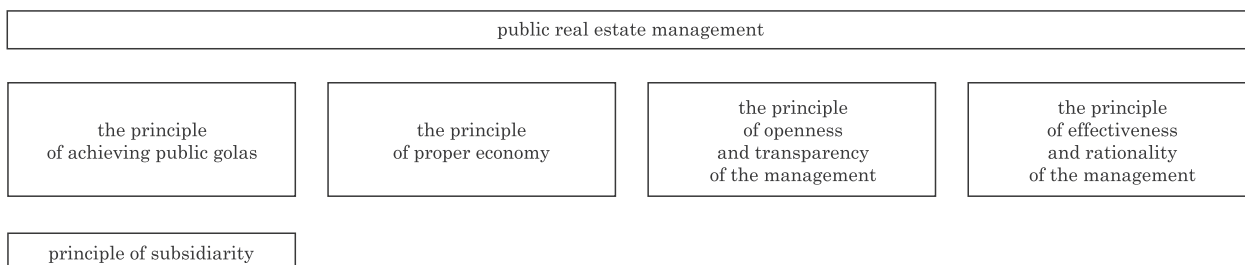


Fig. 3. Principles of public real estate management
Source: own study

The significance of this principle is emphasized by the Supreme Court’s Judgement (2005). It indicates that ‘in the management of public real estate, in particular when the property is sold by the municipality as a public authority, openness of proceedings’ principles have to be maintained. Breaking this rule may result in the nullity of the contract’ – Article 35 and 39 REMA (1997). This means that the public entity is obliged to inform the society about the properties designated for sale, letting into perpetual usufruct, lease or tenancy of real estate. Moreover, public entity secures real estate’s purchasing by authorized persons outside public trading (Pessel 2010). The principle of transparency is an extension of the principle of openness.

The principle of effectiveness and rationality of the management is another rule that should be respected in public real estate management. Rationality in real estate management means proper procedures in order to achieve the goal in possible maximal scope, but with the minimum use of financial resources and

costs of labour (Municipal real estate... 2008, Pessel 2010). The rational use of public real estate resources is forced by their rarity and the principle of sustainable development.

RELIABLE INFORMATION AND ITS USEFULNESS IN DECISION-MAKING PROCESS OF PUBLIC REAL ESTATE MANAGEMENT

In real estate management rationality is considered in the decision-making process. According to Simon (1955) a rational decision can be determined when the entity approaches to the best possible result more than through other decisions, in given economic conditions. The entity need to have full information about a given property resource (collect, process and analyze the obtained information) in order to make rational decisions. Lack of information (e.g. because of too high costs related to its obtaining) may lead to incorrect decisions – in this case the entity operates

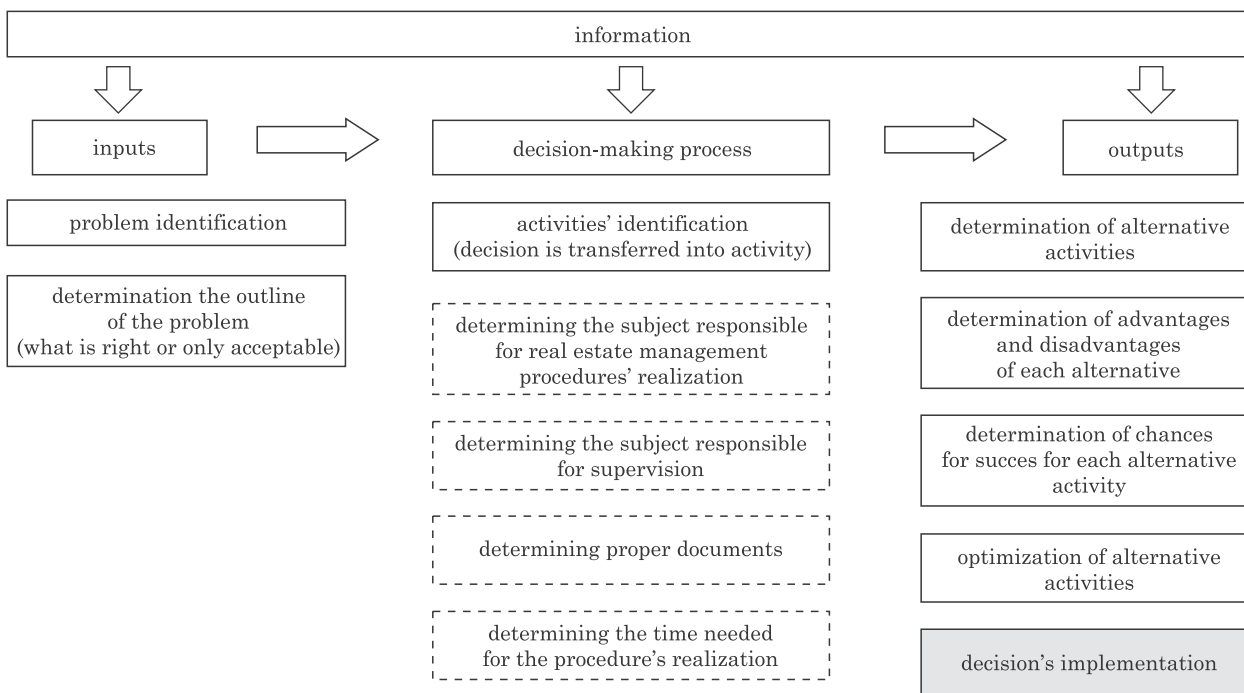


Fig. 4. The steps of decision-making process

Source: own study based on Drucker (2004), Janowski and Wiśniewski (2008), Citroen (2011), Gross and Żróbek (2018), Thakur (2019)

in conditions of uncertainty and risk. That is why “the rationality of management processes requires their continuous control and improvements leading to the development – not stagnation of real estate resources” (Municipal real estate... 2008).

Figure 4 presents the steps of decision-making process in real estate management. There are three basic steps – each requires access to information.

At first, there is an input stage, where the problem is defined. Then the outline of the problem should be determined. It shall be decided what is right or what is only acceptable (minimal and maximal value to achieve).

Then the decision is transferred into activity. At this stage the entities responsible for supervision and for managing are determined. Proper documents

are prepared and the time for each procedure’s realization is determined.

The last stage – an output determines different alternatives for each activities. It contains advantages and disadvantages of alternatives. Chances for success for each alternative are determined. Then there is an optimization of alternative activities. At least, the decision is implemented. Then there is a process of decision’s validation and its effectiveness determination.

According to the above considerations there is a need to ensure reliable information about the property and its state or the entities responsible for its management. That is why the information should meet many criterions (Figure 5). It should be up-to-date and precise. The source should be easy to access.

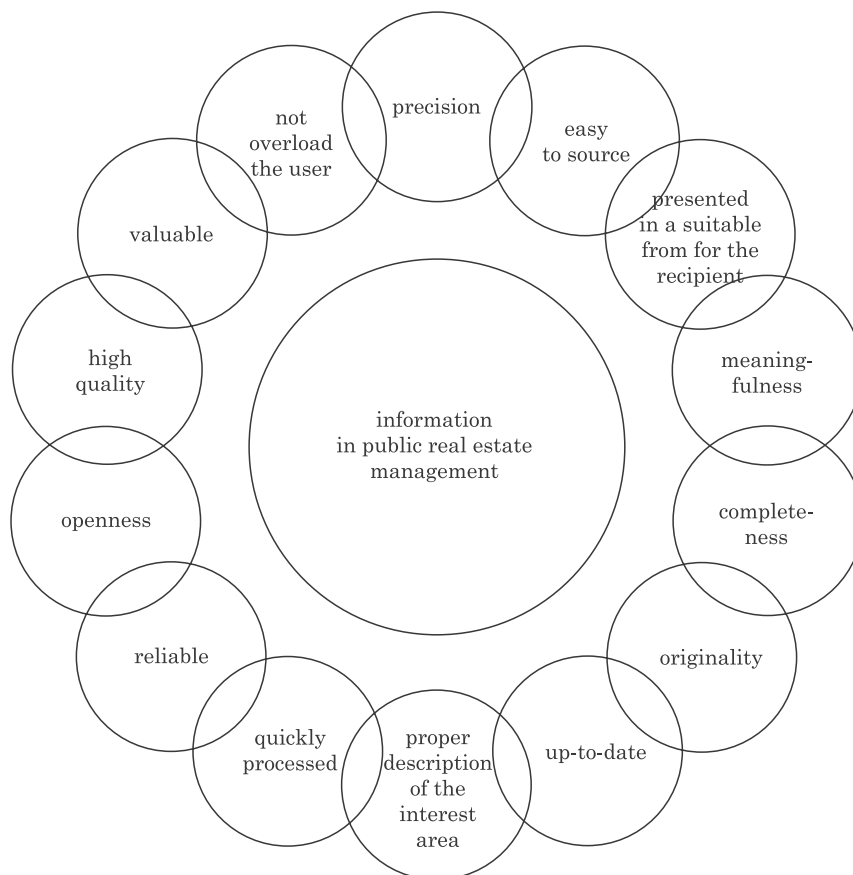


Fig. 5. Information criteria in public real estate management
Source: own study based on Gross (2017) and Cho et al. (2017)

The best situation is when information is available in open access. It also should be presented in a suitable way for the recipient, not overloading the user. Nowadays it is a big problem. There is a lot of information and bad presentation can cause even disinformation. The information should be meaningful, completeness, original and valuable.

Figure 6 presents different types of information used in public real estate management. There is a big scope of information which managers use at their work – from geodetic and cartographic, geographical, legal, environmental to economic and fiscal.

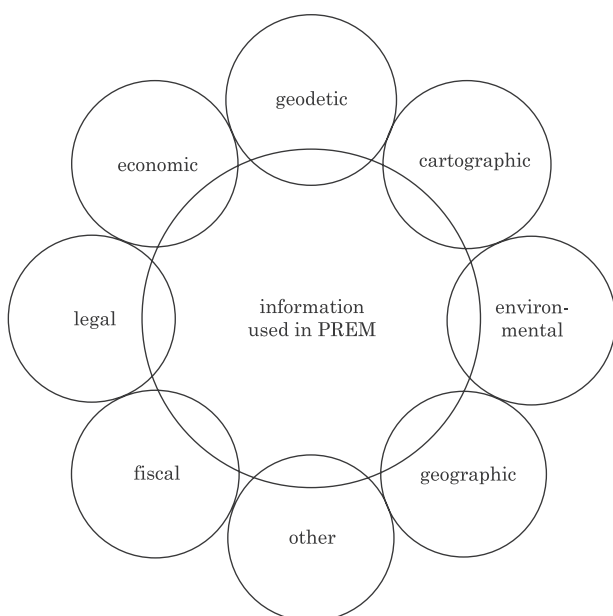


Fig. 6. Information used in public real estate management
Source: own study

INFORMATION ABOUT PUBLIC REAL ESTATE

The last step of the research was to determine the examples of real estate information in four chosen management procedures – sale, land division, land consolidation and division and compulsory purchase (Table 2).

The procedures provide a lot of information. They create many documents that gives additional information which is necessary for public real estate management. There is a big scope of provided data – from legal information (data about person entitled to use real estate from land and mortgage register or from cadastre), economic (information about different fees, like betterment levy for land division or land consolidation and division; real estate value) to geodetic and cartographic (information from different maps, data about real estate from land and mortgage register or from cadastre).

There are also created different elaborations containing public real estate information. One of this document is for example resource use plan, which is created for 3 years for resource of State Treasury and local self-government units. According to REMA (1997) they include information about:

- a) the area of the real estates in the resource and let into perpetual usufruct,
- b) prognoses concerning real estate transfer from the resource and acquisition to the resource and the level of expenses concerning with this transfer and acquisition; revenues from perpetual usufruct fees and permanent management fees and updates of this fees,
- c) real estate development program of the public resource.

Another elaboration containing information about public real estate resources are reports about the state of municipality, district and voivodship. They present a summary of activity of adequately village mayor, mayor or president of the city, district board or voivodeship board. They include in particular, the implementation of policies, programs and strategies, resolutions of the municipal / district / voivodeship council and the participatory budget (Municipal Government Act 1990, District Government Act 1998, Voivodeship Government Act 1998). There is no standardized content of such documents.

Table 2. The examples of real estate information in chosen management procedures

Procedure	Information about real estate
Sale	designation, area, description, destiny and the way of its development, date of development, price, the percentage of fees for perpetual usufruct; the amount of fees for usufruct, tenancy, lease; the terms of charging fees, fees updates; information about sell, letting land for perpetual usufruct, usufruct, tenancy or lease; the term for people who are obliged to get the priority right in selling; date, place and the conditions of the tender; the terms of the previous tenders – in case of negotiations or further tenders; information included in the list of the properties destined to sale; tender price; term and place of the tender; the amount of deposit; information about the place of publication the tender's announcement; data describing where one can find detailed information about the tender; real estate burdens and liabilities; clarifications and declarations made by bidders; information about people allowed and not allowed to take part into the tender; the highest price obtained in the tender or justification concerning the most profitable offer; justification of the resolutions made by the tender commission; the name and address of the person selected in the tender as the purchaser of the property; the names of the chairman and members of the tender's commission; the date of creating the proceedings; the list of people allowed and not allowed to take part into the tender
Land division	deadline for transfer of rights to separate plots of land; compliance of the proposed division with local spatial plan; approval of the division in the form of decision; information about legal status of real estate; extract from the cadastre; copy of the cadastral map; the area of real estate; project of the division; the amount, dates and method of betterment levy's payment; value of real estate before and after division
Land consolidation and division	outside borders of lands covered by consolidation and division; the owner's or perpetual usufructuary's agreement of consolidation and division of built-up lands; conclusions, comments and remarks for the project of municipal council's resolution about land consolidation and division; extract from local spatial plan; register of real estates; establishment of the types of technical infrastructure equipment planned to be built, the dates of their construction and sources of financing; the amount, dates and method of betterment levy's payment; deciding on the manner of managing conclusions, comments and remarks submitted by the participants of the proceedings
Compulsory purchase	information about the results of negotiations; information about the intention of compulsory purchase; the date of compulsory purchase; real estate indication from the land and mortgage register and from the cadastre; public purpose of compulsory purchase; the area of real estate or its expropriated part; the previous manner of real estate use and the state of its development; convertible premises and the way of providing them to tenants of expropriated premises; information about the owner or perpetual usufructuary and a person who is entitled to limited property rights; replaceable real estate; extract from the land and mortgage register; compulsory purchase's decision; the amount of compensation; information what law is expropriated; the amount of additional payment

Source: own study based on the Regulation of the Council of Ministers concerning procedures of public tenders and negotiations on real estate selling (2004), REMA (1997), Gross (2017)

DISCUSSION AND CONCLUSIONS

Public real estate management procedures require a lot of different information. Generally it comes from such official registers like land and mortgage register and from the cadastre. It can also be created by different participants of the procedure, for example the highest price in real estate selling, the amount of parcels created from the division of real estate or specific replaceable real estate in compulsory purchase procedure (which the former owner agreed for). Some information is repeated in different documents in one procedure. It means that each time real

estate which is the subject of the procedure has a full description in different documents. One can tell that such double description could make the procedure non transparent, but in authors' opinion it gives the reader opportunity to be sure what the subject of the procedure is. The more information, the more detailed real estate is described. It is especially important in case of real estate procedures such as analyzed ones: sale, land division, land consolidation and division or compulsory purchase.

The reports about the state of municipality, district and voivodeship, in contrast to example resource use plans, do not have one common pattern.

Currently, they contain different information, which is determined by people who are responsible for creating these documents. It makes difficult to compare information about different resources. The reports are regulated in Municipal Government Act (1990), District Government Act (1998) and Voivodeship Government Act (1998). Mentioned above legislation only informs that the report includes a summary of executive body's activities in the previous year, in particular the implementation of policies, programs and strategies, resolutions and civic budget (article 28aa of Municipal Government Act 1990, 30a of District Government Act 1998, 34a of Voivodeship Government Act 1998. In our opinion their content should be standardized and determined in such legal act as Real Estate Management Act (1997), where the content of resource use plans is also included.

Information in public real estate management is very important. Nowadays there is a need for global information, which is open, up-to-date and fast processed. More and more new technologies are used to provide such an information. The society requires to have an access to such systems that some years ago were only available to officials, for example real estate information systems that a lot of local self-government units created to manage inter alia spatial information.

The information should be standardized, reliable and publicly available. This way it makes public real estate management more and more transparent.

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