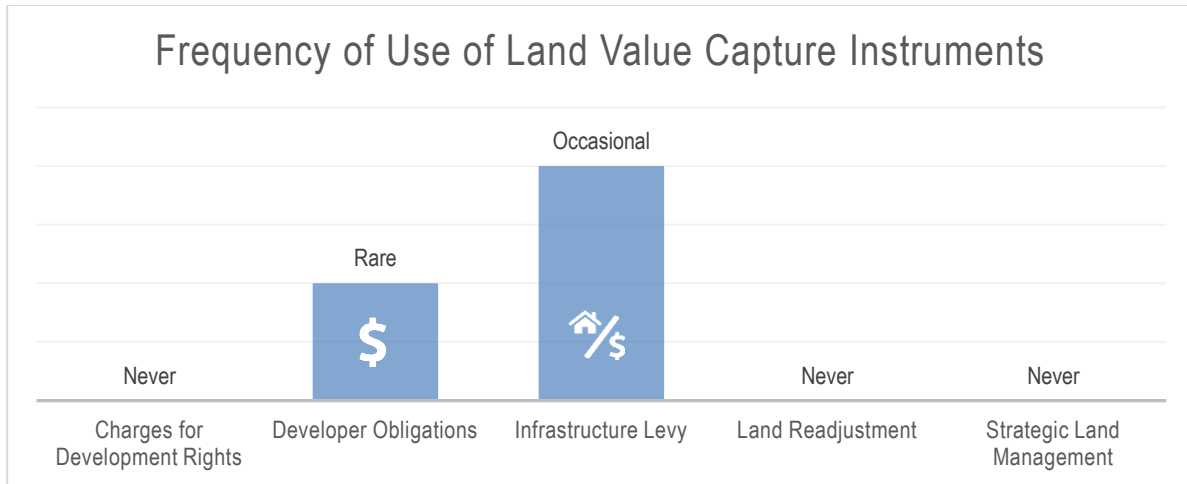


Hungary



Land value capture is used in Hungary but not systematically. The national government occasionally uses the infrastructure levy only. The main obstacles are local governments' lack of administrative capacity and the lack of political will at the national level to empower local governments.

Main instruments

Instrument (OECD-Lincoln terminology)	Local name	National legal provision	Implementation	Use
Infrastructure levy	<i>Területfejlesztési hozzájárulás</i>	No	National government	Occasional
Developer obligations	<i>Befektetői kötelezettségek or területfejlesztési hozzájárulás</i>	<i>Decree 312/2012 (XI.8.); and Decree 31/2014 (II.12.)</i>	Local governments	Rare



Enabling framework

Hungary is a unitary state with two subnational levels of government: 19 counties and the capital region of Budapest at the regional level and 3,155 municipalities (OECD, 2021^[1]). The national government prepares the national framework legislation that structures spatial planning at the national and subnational levels. It provides opinions on regional and local spatial plans and approves them with respect to their congruence with higher level spatial plans (OECD, 2017, p. 118^[2]). Municipalities prepare local spatial plans and enact building regulations. They are the primary contact point for public engagement in the planning process (*ibid*). Local officials have high discretion when issuing planning permits.



According to Article XIII of the *Fundamental Law of Hungary*, the country's Constitution, the ownership of property entails social responsibility. The national government level creates the legal framework for land value capture.



Infrastructure levy

Landowners pay a levy for linear infrastructure built by the government and from which they specifically benefit, for example water, sewer and gas pipelines. The national government is in charge of the instrument's implementation. It uses the levy occasionally.

The government and private landowners (through community improvement districts) can initiate public works for which the levy is used. Landowners participate in consultations.

The levy amounts to 25-40% of the estimated cost of public works. The rest is drawn from the general budget. To identify landowners who will benefit and be charged, local governments estimate the distance within which public works increase land's value. Land is valued using a formula, based on the size and location of properties, number of bedrooms, size of the basement, level of available communal services, etc. Benefiting landowners then pay the levy in equal parts. The levy is paid through instalments before the completion of public infrastructure. If the actual cost of public works differs from their estimated cost, the amount of the levy can be adjusted.

The main obstacles are landowners' resistance and local governments' lack of administrative capacity, for example to appraise increasing land values to identify benefiting landowners.



Developer obligations

Developers are subject to obligations to obtain approval for new development or densification. The obligations consist of cash payments. They are designed to compensate the cost of stronger use of public infrastructure and services resulting from development. Local governments implement and receive the revenues from developer obligations, but rarely use them.

The obligations are either negotiated between local governments and developers or calculated using a fixed formula. When negotiated, the negotiation follows a similar procedure for each development approval. When formula-based, the charge mainly takes into account the type of development.

Regarding residential development, regulations have been frequently amended in recent years and made less demanding in line with the government's family-supportive agenda. The building permit process for residential units is simple and takes less than 30 days. Units smaller than 250 m² are exempt from developer obligations.

The main obstacle is local governments' lack of administrative capacity, for example to negotiate with developers or estimate the cost of stronger use of public infrastructure and services resulting from development.