

Track Changes

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November 2019

ROMANIA UPDATES ITS CONSTRUCTION LAWS TO ENCOURAGE REAL ESTATE DEVELOPMENT AND REDUCE ADMINISTRATIVE HURDLES

On 2 November 2019, amendments to Romania's construction law entered into force, establishing new rules regarding the building process and issuance of permits. The new modifications are designed to speed up the process of obtaining permits and encourage real estate investors to build. The changes have generally been well received, but the question remains: how quickly will the authorities implement them?

Law no. 193/2019 modified Law no. 50/1991 ("**the Construction Law**"), thereby introducing several amendments which will make notable changes to the rules of the construction business.

The most important changes to the Construction Law provide that:

- All of the endorsements and authorizations issued for the initial building permit will still be valid for obtaining a new building permit (if the initial one has expired), provided that: (i) the construction works were at least commenced during the validity period of the initial building permit and (ii) the pre-requisites and the urban planning coordinates have not been changed in the interim period
- The documents supporting the application for the building permit can be submitted electronically (digitally signed), and the building permit can be issued electronically as well
- The prior endorsements obtained from the utilities suppliers for the building permit can also be used to connect the finalized project to those utilities
- Stricter deadlines and improved cooperation between the relevant authorities have been implemented and encouraged
- As an absolute first, the Prefect can render a building permit void without any other formalities required, without observing the applicable requirements.

There has been significant discussion as to whether the new (some would say discretionary) powers of the Prefect are justified, particularly since it is the responsibility of the municipality's City Hall to issue the building permits, and the Prefect can invalidate the City Hall's decisions. Only time and local practices will determine if lawmakers made the right decision regarding the new powers.

Furthermore, several other novel measures have been approved that are intended to significantly reduce bureaucracy and encourage even more building in Romania. Among these changes include the establishment of a sole building permit for both the demolition of an old building and the construction of a new one, provided that the beneficiary undertakes to the construction of the building.

The issuance deadlines have also now been reduced - most of them halved. The urbanism certificate issuance period is now 15 days reduced from 30, while the emergency building permit issuance period is now 7 days, down from 15. The building permit regular issuance period remains 30 days.

Lastly, the new modifications include simplified procedures for the subsequent partitioning of buildings, even after they are effectively constructed and if/or this partitioning was not initially part of the official land record.

The above-mentioned changes have been generally welcomed, considering the previous outdated building process system. The question remains as to how fast the authorities will respond and implement these new changes, which will prove to be challenging.

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