

## **Increase in the number of residents**

In this study we have described the theoretical background of the permanent residence issue, analyzed possible solutions and suggested some of the concrete steps which could be taken by the Council of the City of Brno.

Our task assigned by the Brno City Council was to examine impact of the changes in law regarded to the mechanism of redistribution of tax revenues to the municipalities. As this is counted by the formula depending on the number of municipality's permanent inhabitants we were asked to set up a strategy how the City can increase the number of the permanent residence inhabitants.

In first part of our study we summarize facts about tax revenues of municipalities and methods of statistical evidence of population.

Tax revenues of municipalities in the Czech Republic consist primarily from a part of some taxes revenue, for example income tax, value added tax et cetera. The exact size of municipality's share is calculated by a formula defined in law. The formula uses municipality's population provided by the Czech Statistical Office, number of pupils, area and population of municipality modified by law defined coefficient. The size of municipality is mostly affected by population and coefficient.

Therefore is coefficient often subject of legislation changes in order to adjust the tax revenue allocation. Recent changes have been done to increase revenues of lesser municipalities at the expense of massive losses of income in larger cities such as Prague, Brno and Plzen. In case of Brno, its income has been reduced by approximately one billion CZK.

In the Czech Republic statistical evidence of population is administered by the Czech Statistical Office and the Ministry of the Interior. Evidence by the Czech Statistical Office is based on data from census that are annually adjusted by number of live births, number of deaths and number of persons that changed their permanent residence. In contrast Ministry of the interior calculates population according to permanent residence with adjustments regarding number of foreigners. Usually, population registered by the Ministry of the Interior is bigger, in case of Brno it is about 20000.

Neither of these methods is suitable for use in calculations of tax revenue allocations but law states that population data by CSO have to be used.

Change of permanent residence is very straightforward process. Primary requirements for change of permanent residence, as defined by legislation, are filled application form and proof of ownership or lease of property.

Second part of our study starts with description of the practical side of our project - data analyses and suggestions to the Brno City Council are described here.

Our first task was to collect and analyze data from relevant target groups. For this purpose we had created a simple questionnaire which was spread through the Internet. Spreadsheet was posted at relevant internet forums and social network groups and we did some street research as well.

The questionnaire asked the basic information about the respondent and then examined his/her opinions about the possibility of changing the permanent residence. We suggested some possible reasons which could lead people to change the permanent residence as well as some benefits which could motivate them to do so.

In the next part of the work we described and evaluated the results. We obtained 211 relevant responses which showed these results:

The main reasons for changing the permanent residence have been stated work, buying a flat, car registration, etc. Many people stated that they did not have any reason to change their permanent residence and are somehow advantaged when having it registered at another place, apparently by receiving the scholarship for accommodation provided by universities to many students. In the most important question we suggested some possible benefits which could motivate people to change their permanent residency and then asked for their preferences. As was shown in this part of questionnaire the most preferred benefit is discount on public transport. It attracted 25 % of respondents, followed by discounts on sport and cultural events which together attracted the same number of participants. Only 15 % of respondents - mostly students - stated that there was nothing to that can persuade them. On the other hand the respondents exhibited just a slight interest in discount vouchers and other material benefits.

Our next task was to analyze the concrete groups of Brno non-residents and their suitability for targeting the possible steps taken by the Brno City Council. We aimed our analysis at the groups of students, young employees, families with children, older employees and retired people. We suppose that the most perspective group for our purpose are young people, employees as well as students. However we suppose that in case of students there is quite a big "problem" with their accommodation scholarship which is probably higher than any possibly offered benefit. For this reason we suggest to aim the next steps mostly on the young employees and students without the scholarship. There is quite big chance to persuade them to change their permanent residence if they are offered right benefits.

Consequently we analyzed and prepared the possibilities and suggestions based on the previous questionnaire results. There are many possible benefits which the City could use to motivate people to change their permanent residence. However not all of them are suitable for many reasons. We suppose the City of Brno can motivate their nonregistered inhabitants by providing them with some discount on public transportation, which was the most demanding benefit chosen by the respondents of the questionnaire. Then the City can offer one-time free vouchers and entrance tickets to sport and cultural events and places like swimming pools, playgrounds, museums, galleries, observatory, etc, and discount or excuse mandatory payments for communal services.

Another way how to increase the population with permanent residence, in our opinion, is to offer the property that could be used to change the residence. This could be very helpful for people who want to change their residence but they cannot due to the fact they live in subleased property.

We discuss other possibilities like creation of discounted parking area or providing the cash benefit to persons who decided to change their permanent residence but we finally do not support their realization.

We also summarized recommendation for lessors, lessees and property owners. The most important is that in contrary to popular belief, lessor cannot restrict the lessees the change of permanent residence to leased property. This change has no consequences for lessor at all.

In the final part we have made a suggestion of marketing plan and approximate price calculation for information campaign.