

INFORMAL SETTLEMENTS: CHALLENGES AND OPPORTUNITIES FROM SOUTH-EAST EUROPE



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The publication was drafted, as a joint effort, by the International Federation of Surveyors (FIG) Task Force on Property and Housing and the Bureau of the UNECE Working Party on Land Administration.

Content of the study:

- Definition of the term “***informal development***”
- Looks at the impact of informal development and recent urban policies in 5 UN ECE countries in south-eastern Europe and central Asia: Albania, Cyprus, Former Yugoslav Republic of Macedonia, Greece, and Montenegro
- The state-of-the-art: ***causes, size and impacts*** of informal development
- The various strategies, policies, legislation, procedures and ***tools used in these countries to deal*** with informal development and its formalization
- Monitoring the ***progress of legalization*** and integration of informal development into the economic cycle
- Identification of examples of ***good practice***

Objectives of the study

- Assessment of the adopted policies:
 - How **efficient** and **sustainable** these solutions are;
 - Their impact on property market and economy;
 - Identification of **new or remaining weaknesses**;
 - Evaluation of the **affordability & inclusiveness of** the solutions (minorities, refugees, women, young, unemployed);
- Investigation of tools used to eliminate the phenomenon in the future:
 - Protection of **environmentally sensitive areas**;
 - **Improvements provision** in affected areas;
 - **Affordable housing provision** and social inclusion;
- Recommendations to unblock the property market and the economy

Analysis

In 2014, approximately:

- 2,500,000 of constructions are informal and built without building permits in Greece;
- 500,000 in Albania;
- 350,000 in the Former Yugoslav Republic of Macedonia; and
- 130,000 in Montenegro.

In an attempt to “bring order” and to stop these negative trends many countries started to implement formalization measures. These include:

- Privatizing occupied state-owned land and defining compensation for occupied, privately-owned land;
- revising zoning and planning procedures, regulations and standards;
- regularizing and upgrading informal settlements;
- applying controls;
- and upgrading individual constructions.

Identified causes of informal development

Causes	Albania	Cyprus	Greece	Montenegro	The former Yugoslav Republic of Macedonia
Migration/urbanization	yes	no	yes	yes	yes
Centrally controlled/bureaucratic planning	no (a problem in the past)	no	yes	yes	yes (now improving)
Ecological or other constitutional concerns about development	no	no	yes	yes	yes
Inadequate housing policy	yes	no	yes	yes	yes
Refugees/displaced persons	no	no (a problem in the past)	no	yes	yes
Policies regarding Roma and other minorities	yes	no	yes	yes	yes
Unclear property rights	yes	no	yes (in zones in contact with forests)	yes	yes
Inefficient property registration/planning systems	yes	yes	yes	yes	yes
Costly/complicated construction permitting	no (a problem in the past)	no	yes	yes	no (a problem in the past)
Poverty	yes	no	yes	yes	yes
Insufficient housing provided by the real estate market	yes	yes	yes	yes	yes

Types formalization

Type	Albania	Cyprus	Greece	Montenegro	The former Yugoslav Republic of Macedonia
On state land	yes** via purchase or lease	not an issue	no there is ID on legally owned & registered land which is claimed by the state as forest (48% of registered private land in unplanned areas)	yes after the provision of a plan, case by case consideration and direct negotiations	yes*** via purchase or lease
On private land that belongs to another owner	yes** compensation provided	-(****)	-(****)	yes after direct negotiations	yes*** long term lease agreement
In violation of zoning	yes**	no	yes* for 30 years only	yes following a thorough revision	yes***
Without building permit in the unplanned areas	yes** planning will follow legalization	no	yes for 30 years only, requiring planning to be provided until then	yes following a thorough examination and detailed planning provision	yes planning & infrastructure will follow legalization
In excess of the building permit	yes	yes	yes for 30 years	yes	yes
Total approximate number of informal objects	500,000 objects	Total unknown; about 80% of condominiums, 130,000 objects, are in excess of building permit, and about 40% of single-family houses are built without a building permit in an unplanned area	2,500,000 objects, 1,000,000 of which without a building permit in unplanned areas and 1,500,000 in excess of building permit; in addition there is a large and unknown amount of informal construction in "forest areas"	130,000 objects	350,000 objects

Legalization Framework

	Albania	Cyprus	Greece	Montenegro	The former Yugoslav Republic of Macedonia
Responsible agency	Ministry of Public Works and Housing, but by the ALUIZNI special agency	Ministry of Interior	Ministry for Environment, Spatial Planning & Climate Change	Ministry for Spatial Planning & municipalities	Ministry of Transport & Communication & Municipalities
Date of law for legalization adoption	2006	2011	2011	In draft	2011
Popularity of the project	positive	negative	negative	unclear	positive
Seismic vulnerability controls prior to legalization	no	no confirmed by the involved engineer	yes visual control by private sector	yes	no
Detailed controls for environmental and construction standards	no	no (legalized ID exists within the plan)	no on-site visual controls by private sector	yes	no on-site visual controls by authorities
Infrastructure provision	unclear	Exists already	Basic infrastructure exists already	unclear	At a later stage; funds from legalization
Speed (expected time for legalization)	Declaration was made fast; the next steps are very slow	Slow, due to low popularity of the project and high costs	Slow, due to security concerns and high costs and the financial crisis	Approximately 10 years	unclear
Formalization of primary housing affordable?	yes	doubtful	doubtful	doubtful	yes 1 EUR/m ²

Recommendations

- The report recommends a range of action to address informal settlements, including:
 - simplified processes for housing and construction permits;
 - strengthening private property rights;
 - the effective implementation of legalization measures for all kinds of properties;
 - major public involvement in the legalization process;
 - and enforcing clear formalization laws so they protect the environment, encourage secure tenure and promote economic growth.
- How such actions are a key to enabling countries to take full advantage of the economic benefits that can come from a well- functioning real-estate market with wide-spread participation across different sectors of the population.
- It provides policy guidelines and recommendations to address informal development, and contains lessons learned and best practices that can be applied throughout the UNECE region.

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