



National Technical University of Athens
School of Rural and Surveying Engineering

REPORT

JOINT FIG/UN ECE WPLA WORKSHOP ON THE STUDY ON INFORMAL DEVELOPMENT IN SOUTH-EASTERN EUROPE AND CENTRAL ASIA

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privatization: land, business, housing, enterprise

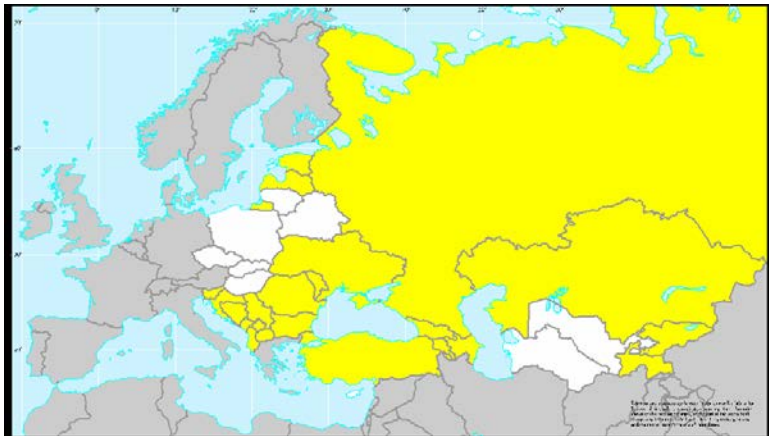
39 WB funded LAM projects in Europe and Central Asia:

The largest program of land reform the world has ever seen!

30 countries involved - US\$ 1.1 billion in loans and grants

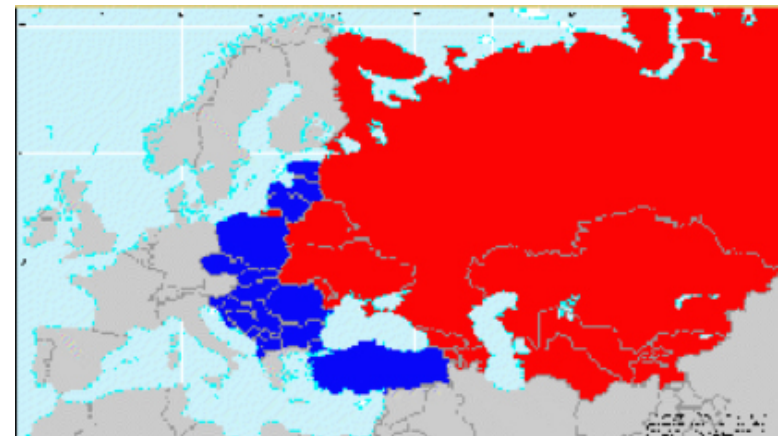
Population: ~900M Land area: 27,381,300 km² Properties: ~300M

50M people live in informal real estate?



Gavin Adlington, 2010 :

49 % suffer budget overruns



Gavin Adlington, 2011:

**Rise or Fall of the Cadastre
Empire?**

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Purpose / objectives of the study

- Investigate in detail the causes, size, impacts of informal development in nine UN ECE countries in south-eastern Europe and central Asia: Albania, Azerbaijan, Cyprus, FYROM, Georgia, Greece, Italy, Kyrgyzstan, and Montenegro;
- Investigate the policies that caused informal development in these countries;
- Identify the various strategy and policies, legislation, procedures and tools used to deal with informal development and its legal integration
- Monitor the progress of legalization and integration of informal developments into the economic cycle in these countries;
- Identify examples of good practice;

Purpose of the study

- Assess how efficient and sustainable these solutions are, and if there is any positive impact on property markets and the economy;
- Evaluate how pro-poor the solutions are; investigate the remaining obstacles for minorities, refugees, women, young,
- Identify new or remaining weaknesses;
- Investigate the tools used in order to eliminate the phenomenon in the future, especially in terms of protection of environmentally sensitive areas, environmental and infrastructure improvements in the affected areas, housing provision and social inclusion;
- Give recommendations for improvements and solutions in order to unblock the real estate market and the economy in each country

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Methodology

- Existing recent published in-depth research (mainly conducted by the main author and the contributors) since 2009
- Internet research on relevant land management issues in the specific countries (by WB, UNECE, FIG and other)
- Local legislation (translation of documents)
- On-site visits
- Interviews with government, local authorities, NGOs, private sector (lawyers, surveyors, engineers, planners, real estate agents, notaries, valuers and other involved professionals), banks, individuals, minority representatives.

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Structure

1. Introduction: General aspects on current informal development in the UNECE region, causes, types, statistics, impacts, past experience;
2. Case studies in the selected countries: **in-depth research**. Case studies: analysis of the specific situation in each country; identification of strong & weak points; rating; recommendations
3. Comparison
4. Discussion: conclusions, proposals & recommendations of general interest

Example: Greece

- Several generations of informal development;
- Emphasis on **protecting public & state land & the environment** >50% of the territory is highly protected (forests, state land, archaeological sites, etc); private property rights are not highly protected; inflexible, centrally driven, bureaucratic, cost and time consuming planning (6,000 Euros/ha- 15 years average duration) **aiming to “control” development**; unplanned settlements with both formal & informal constructions;
- **Lack of cadastre/spatial infrastructure** (zoning maps, forest maps, etc) ; small & medium investors & citizens do not usually undertake the costs of thorough title research prior to purchase; **a de facto affordable housing policy** of allowing informal and unplanned development in the periphery of the cities;
- **Safe constructions-not many slums** (due to provided social housing); basic infrastructure & utilities are provided in most informal /unplanned settlements;
- ~1/5 of the constructions (~1M) are without a building permit; ~>1.5M with informalities (illegal extensions, change of use, etc); ~72B Euros dead capital

Example: Greece

- 1968; Law 720/1977; Law 1337/1983, enacted during the socialist administration; The only possibility for legalization is through an enforcement of a detailed city plan since then urban plans had been compiled for 60,000 ha; land readjustment was completed on 45,000 ha, and of that only 25,000 ha had completed the legalization process; 700 Presidential Decrees (until 2006);
- New legalization framework: Law 3775/2009 : only small informalities within the planned areas; Law 3843/2010 temporarily formalize, only for a period of 40 years & revenue to the "Green Fund"; Law 4014/2011 also allowed the formalization of planning and building informalities, only for a period of 30 years **562,263 declarations, of which 385,535 paid the fees until end of May 2013**; Decision: Against the Constitution; new Law 4178/2013 (October);
- Insecurity due to **Constitutional restrictions** & valid **only for 30 years**; expensive: formalization fees are scalable **~1/3 of the construction costs plus costs for private engineers involved**;
- Only **331,300 transactions**; it does not help the property market and the economy; **until now announced revenue~1B Euros (2009-2013)**
- **Expected total revenue by Law 4178/2013: >5B Euros.**
- **Estimated GDP Loss: 3B annual loss (by S. Nystrom)**

Identified causes

Causes	Montenegro	Albania	FYROM	Greece	Cyprus
Migration/urbanization	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	-
Centrally controlled / bureaucratic planning	<i>yes</i>	abandoned	changing	<i>yes</i>	-
Ecological or other Constitutional concerns against development	<i>yes</i>	-	<i>yes</i>	<i>yes</i>	-
No housing policy	<i>yes</i>	<i>yes</i>	<i>yes</i>	-	solved
Refugees/displaced	<i>yes</i>	-	<i>yes</i>	-	solved
Minorities, Roma	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	-
Unclear property rights	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	-
Inefficient property registration/planning systems	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>
Costly/complicated construction permitting	<i>yes</i>	-	-	<i>yes</i>	-
Poverty	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	-
Desire for better housing	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>
Market pressure/profit goal	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>

Types of ID & formalization prospects

Type	Montenegro	Albania	FYROM	Greece	Cyprus
On state land	<i>Yes after the provision of a plan and case by case consideration and direct negotiations</i>	<i>Yes purchase or lease</i>	<i>Yes purchase or lease</i>	<i>No legally owned & registered land which is claimed by the state</i>	-
On private land that belongs to another owner	<i>Yes After direct negotiations</i>	<i>Yes compensation provided</i>	<i>Yes long term lease agreement</i>	-	-
In violation of zoning	<i>Yes following a thorough revision</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>	<i>No</i>
Without building permit in the unplanned areas	<i>Yes following a thorough examination and detailed planning provision</i>	<i>Yes planning will follow legalization</i>	<i>Yes planning & infrastructure will follow legalization</i>	<i>Yes for 30 years requiring planning to be provided until then ~1,000,000</i>	<i>No ~40% of the single-family houses</i>
In excess of the building permit	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes for 30 years ~1,500,000</i>	<i>Yes ~130,000 ~80% of condos</i>
Total Size	<i>130,000 objects</i>	<i>500,000 objects</i>	<i>350,000 objects</i>	<i>~2,500,000 objects</i>	<i>?</i>

Legalization Framework


	Montenegro	Albania	FYROM	Greece	Cyprus
Responsible agency	<i>Ministry for Spatial Planning & municipalities</i>	<i>Ministry of Public Works and Housing ALUIZNI special agency</i>	<i>Ministry of Transport & Communication & Municipalities</i>	<i>Ministry for Environment, Planning & Climate Change</i>	<i>Ministry of Interior</i>
Date of law adoption	<i>?</i>	<i>2006</i>	<i>2011</i>	<i>2011, 2013</i>	<i>2011</i>
Popularity of the project	<i>?</i>	<i>positive</i>	<i>positive</i>	<i>negative</i>	<i>negative</i>
Detailed seismic vulnerability controls	<i>yes</i>	<i>-</i>	<i>-</i>	<i>yes visual control (by private sector)</i>	<i>(confirmed by the involved engineer)</i>
Detailed controls for environmental and construction standards	<i>yes</i>	<i>-</i>	<i>(by authorities) on-site visual controls</i>	<i>(by the private sector) on-site visual controls</i>	<i>- (legalized ID exists within the plan only)</i>
Infrastructure provision	<i>-</i>	<i>Not clear yet</i>	<i>At a later stage; funds from legalization</i>	<i>Basic infrastructure exists already</i>	<i>(exists already)</i>
Speed (expected time for legalization)	<i>10 years</i>	<i>declaration went fast Next steps are slow</i>	<i>fast</i>	<i>Slow Due to insecurity and costs</i>	<i>Slow; negative acceptance</i>
Affordability for primary housing	<i>doubtful</i>	<i>positive</i>	<i>positive For housing: 1 Euro/m²</i>	<i>doubtful ?% discount</i>	<i>doubtful</i>

Joint FIG/ UNECE WPLA publication

- Finalized by December 2013, FIG peer review: Prof Paul van der Molen
- UN editing by the end of 2013
published beginning of 2014
- coordinator & main author: Prof Chryssy Potsiou
the contribution of other regional & international experts,
UNECE WPLA bureau members
- the publication will be in English,
its size will be up to 100 pages

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