

# Informal Development: It Can Be an Asset

**'Informal', 'unplanned', 'illegal' or 'random' urban development is an issue of major importance in a large number of countries worldwide. There is no clear, common definition of what an 'informal settlement' is. The most important factors for characterizing an area as such are: land tenure, quality and size of construction, access to services, and land-use zoning.**

The common reasons for informal settlements, whether in regions of Europe, Africa, Central and South America, or Asia, are: insufficient planning or unrealistic zoning regulations; inconsistent and complex legislation; unnecessary bureaucracy for land development and permitting; marginalization, poverty and lack of financing mechanisms for affordable housing; illegal subdivision and construction on agricultural lands; political reluctance to confront the situation; and lack of important spatial information.

*"...threats to public safety and health requiring demolition..."*

Land values in fringe agricultural areas outside the formal urban plan, where informal construction is usually located, are lower and more affordable to those earning less than the average household income. Squatting on state land is a less common phenomenon today. However, construction costs in such areas may grow even higher than normal and in most cases are inconsistent with construction quality, due to the risk of illegality and prosecution to the constructor. Despite that, the majority of informal construction in many places today is of a good, permanent type, and can be characterized as 'affordable housing' rather than 'slums'. In some regions these are single-family houses, while in others they may even be as extensive as 10-story multi-family buildings! In addition to the risks of high penalties, demolition of buildings or even imprisonment of the owner, such constructions are usually, due to legislation, unable to receive infrastructure services from the state. Most importantly, they cannot be legally transferred or mortgaged.

The old-fashioned theory, which viewed informal settlements as "threats to public safety and health requiring demolition", seems to have been gradually replaced by a common recognition that informal housing is a valuable capital asset which should find its way to the real property market. Exceptions are constructions leading to general environmental burdening, e.g., building on public land, river routes, floodplains, coastal zones, archaeological sites, forests, and high-risk or radioactive waste areas. Today much informal development is following quite acceptable standards. Informal-sector housing has become practically a component of housing supply or an alternative, within a free market economy, to the lack of state affordable-housing policies, a theory that in the past was 'quietly' supported by some governments but is now acquiring growing recognition.

Still, informal constructions cause corruption and loss of state revenue (taxation, building permit and transaction fees, etc.), while middle or low-income owners are forced to make financially bad investments. Informal building owners are also considered 'second class' citizens who, through their activity, may cause significant problems in the future such as water pollution, soil erosion and traffic congestion, while also demanding public services, schools, clinics, and safety in these areas.

Informal development appears also within formal urban areas, even in developed countries with no earlier experience. For example, central sections, neglected and deteriorated from lack of maintenance, usually attract poor families, providing very insecure tenure and limited housing investment. In order to support employment and entrepreneurship in urban areas with a high level of decay in terms of housing and social indicators, there is often illegal conversion of old houses from



*Dr. Chryssy A. Potsiou is a lecturer in the School of Rural and Surveying Engineering at the National Technical University of Athens, Greece. She is also a member of the Bureau of the UN/ECE Working Party on Land Administration, and the chair of Commission 3 of FIG (International Federation of Surveyors). She can be reached at:*

[chryssyp@survey.ntua.gr](mailto:chryssyp@survey.ntua.gr)

residential to commercial use (restaurants, entertainment, etc.) without recognition of safety standards. Informal development appears in attractive vacation areas, too, due to the rapid increase of land demand by international market participants.

The steps needed to improve and control the situation seem to be:

- reduction of unrealistic and complex land-use regulations and subdivision standards to increase land supply and decrease land values, and to expedite the development permitting process, while making development control possible
- legalization of existing informal developments, where feasible, to support the real estate market and the national economy
- application of suitable controls. The promising tools of today are: low-cost technology such as satellite imagery and automated photogrammetric procedures for spatial data collection, spatial data infrastructures and modern land administration systems to support land market assessment, efficient urban planning, e-governance, transparency, and sustainable development