



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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74th Session of the Committee on Housing and Land Management
Geneva, 7 & 9 October 2013

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	yes	yes	yes	yes	-
Centrally controlled / bureaucratic planning	yes	abandoned	changing	yes	-
Ecological or other Constitutional concerns against development	yes	-	yes	yes	-
No housing policy	yes	yes	yes	-	solved
Refugees/displaced	yes	-	yes	-	solved
Minorities, Roma	yes	yes	yes	yes	-
Unclear property rights	yes	yes	yes	yes	-
Inefficient property registration/planning systems	yes	yes	yes	yes	yes
Costly/complicated construction permitting	yes	-	-	yes	-
Poverty	yes	yes	yes	yes	-
Desire for better housing	yes	yes	yes	yes	yes
Market pressure/profit goal	yes	yes	yes	yes	yes

Types of ID & formalization prospects

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

Legalization Framework

	Montenegro	Albania	FYROM	Greece	Cyprus
Responsible agency	Ministry for Spatial Planning & municipalities	Ministry of Public Works and Housing ALUIZNI special agency	Ministry of Transport & Communication & Municipalities	Ministry for Environment, Planning & Climate Change	Ministry of Interior
Date of law adoption	?	2006	2011	2011, 2013	2011
Popularity of the project	?	positive	positive	negative	negative
Detailed seismic vulnerability controls	yes	-	-	yes visual control (by private sector)	(confirmed by the involved engineer)
Detailed controls for environmental and construction standards	yes	-	(by authorities) on-site visual controls	(by the private sector) on-site visual controls	- (legalized ID exists within the plan only)
Infrastructure provision	-	Not clear yet	At a later stage; funds from legalization	Basic infrastructure exists already	(exists already)
Speed (expected time for legalization)	10 years	declaration went fast Next steps are slow	fast	Slow Due to insecurity and costs	Slow; negative acceptance
Affordability for primary housing	doubtful	positive	positive For housing: 1 Euro/m ²	doubtful ?% discount	doubtful

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
- Printing costs: ~5500 Euros for 1500 copies
Sponsors for printing: FIG, the Dutch Kadastre, ?



**Thanks to all countries, experts, donors, FIG,
UNECE WPLA , and to Michael!**