



*FIT FOR PURPOSE FORMALIZATION
OF INFORMAL SETTLEMENTS
&
“A STUDY ON THE COST OF INFORMALITY IN
REAL ESTATE ON A COUNTRY’S ECONOMY”*

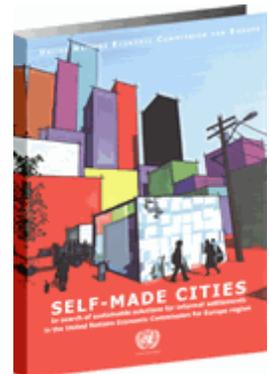
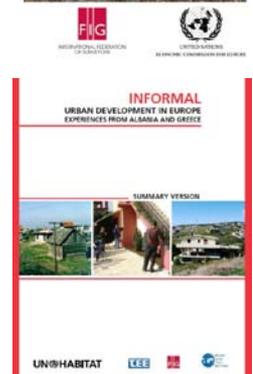
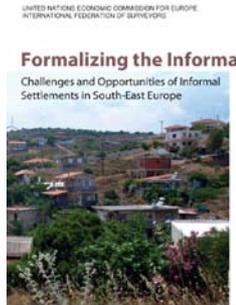
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What we have done so far

International research so far:

1. identify the problem (definition/size) in the various countries
2. its reasons /causes
3. the various types of informal development in the various countries (with many similarities)
4. the policies adopted from the various governments to address the problem
 - require all improvements, conformity to regulations, plus penalties for legalization to be undertaken by the occupants prior to legalization
 - provide planning amnesty and high penalties while ownership titles where missing may be ignored (politically more difficult),
 - may begin with the best of intentions but become bogged down due to administrative bottlenecks or change of government
 - in many this is a long lasting, bureaucratic and expensive procedure





What should be done next?



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Provision of FFP Guidelines for legalization or demolition:

1. spelling out needed legislation? The technical specifications
2. the extent of measures required to comply to acceptable building and planning standards
3. priorities and duration of the project
4. the extent of fines and penalties to be assessed in order to complete the legalization
5. the scope and methods of demolition or removal of informal constructions that cannot be made legal or brought up to current standards
6. The reform in the planning and permitting system, as well as monitoring of sensitive areas

How to persuade the various governments and the various professionals that may have different priorities? ***We need to talk with numbers***



Raise awareness & Research



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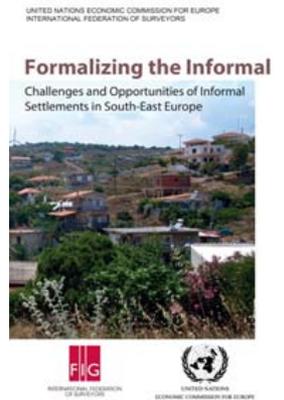


Quantify

- A. the **expected economic benefits of formalization** or the inverse: the annual economic loss **for a time period of e.g., 10-25 years** (if no formalization),

FIG/WB study by S. Nystrom, FIG Com9 chair & C. Potsiou, FIG President

- A. identify the environmental, economic and social losses of massive demolitions.





Methodology



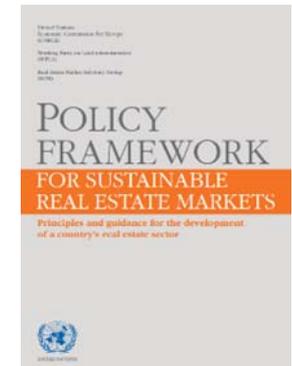
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formalization of informal constructions is the most important step towards **formalization of real property markets**

First stage for analyzing the property markets:

- Gathering and analysis of socio-economic data
- Analysis of the scope and parameters of the labor and real property markets
- Analysis of the risk related to socio-political landscape of the real property market & national economy
- Collection of the necessary market-related data for each country.



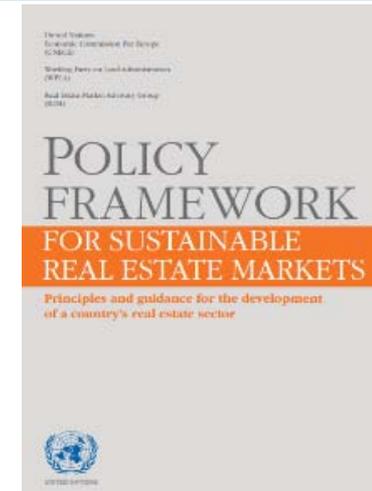
Collection and analysis of data regarding real property markets



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1. Development of Real Property Status Report
2. Analysis of the scale, location and types of informality
3. Analysis of the legal, social, economic and regulatory response to the informal market sector.
4. Estimation of the socio economic impact of the informal sector within the greater economy, compared to an efficient market system that offers market-based, transparent and inclusive access to real estate, both as a wealth generator and a necessary commodity for residential and commercial uses
5. Conclusion - annual economic impact of the informal sector on the national economy



UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE
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Formalizing the Informal

Challenges and Opportunities of Informal Settlements in South-East Europe



INTERNATIONAL FEDERATION
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Example: Greece

Conclusions: Estimated **annual loss in GDP** due to informality in the real estate market, over a period of 25 years:

years 1 - 5: \$1 billion/year

years 6 - 10: \$1.5 billion/year

years 11 - 25: \$2.3 billion/year

A “best case scenario” based on assumption of continued weak economy with 10-year faded recovery and relatively efficient formalization process.

Not included in calculations: Cost and time to implement formalization; inflationary impacts on property values.