



National Technical University of Athens
School of Rural and Surveying Engineering



ADDRESSING THE CHALLENGE OF
INFORMAL HOUSING: CASE STUDIES
FROM THE BALKANS, THE CAUCASUS AND
CENTRAL ASIA

Dr Chryssy Potsiou
Associate Professor NTUA, Greece
chryssyp@survey.ntua.gr

FIG Congress 2014 16-22 June, Kuala Lumpur
Engaging the Challenges, Enhancing the Relevance

Joint FIG / UNECE WPLA publication

Content of the study:

- Definition of the term "**informal development**"
- Detailed analysis of the situation in 9 UN ECE countries in south-eastern Europe and central Asia: Albania, Azerbaijan, Cyprus, FYROM, Georgia, Greece, Italy, Kyrgyzstan, and Montenegro;
 - The state-of-the-art: **causes, size and impacts** of informal development ;
 - The various strategies, policies, legislation, procedures and **tools used 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 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 unlock the property market and the

Joint FIG / UNECE WPLA publication

Methodology

- Update of existing recent in-depth research (since 2009)
- Internet research on relevant issues in the specific countries
- Review of local new legislation (translation of documents)
- On-site visits & Interviews with:
 - Government;
 - Local authorities;
 - NGOs;
 - Private sector: banks & professionals (lawyers, surveyors, engineers, planners, real estate agents, notaries, valuers);
 - Minority representatives;
 - Individuals.

Example: Greece

- >60% of the territory is state-owned land highly protected by the Constitution;
- Private property rights are not highly protected; **Lack of cadastre maps & of spatial data infrastructure** (zoning maps, forest maps, etc) ;
- Inflexible, centrally driven, expensive and bureaucratic planning (6,000 Euros/ha- 15 years average duration) **aiming to "control" development;**
- Unplanned settlements with both formal & informal constructions exist; **a de facto affordable housing policy; safe constructions-not many slums**
- Result: ~1M constructions are without a building permit; ~72B Euros dead capital;
- Plus~>1.5M constructions with small informalities (illegal extensions, change of use, etc);
- **Legalization is possible only through an enforcement of a detailed city plan**

Example: Greece

- New legislation for temporary formalization (for 30 years):
 - Law 3775/2009; Law 3843/2010;
 - Law 4014/2011; **370,000 declarations & revenue 1,14 B (2011-2013)**
 - Council of the State decision: **Law 4014/2011 is unconstitutional;**
 - Law 4178/2013; 125,778 new declarations & revenue 0,7 B
- **(2009- Feb 2014): ~500,000 declarations; revenue~1.84B Euros**
- Weaknesses of formalization:
 - Insecure: unproven as to its **Constitutionality;**
 - Temporary: formalization **max for 30 years;**
 - Expensive to the owners: fees are **~1/3 of the construction costs;**
 - Some large categories of residential real estate are still not included.

= 3B Euros annual GDP loss

Example: Kyrgyzstan

- political instability, deindustrialization, unemployment, migration;
- **Newcomers in the cities are unwelcome; corruption in land privatization;**
- Inflexibility in planning; costly and bureaucratic permitting procedure;
- Limited experience and **lack of interest** among the constructors **in serving the housing needs of low and middle class customers;**
- By 2010 the cities of Osh and Bishkek suffered from a rapid urban sprawl; ~5,000 hectares of informal settlements (~200,000 citizens) located in agricultural, protected, or high risk land. No infrastructure.
- **All types of ID:** 2 or 3 storey good constructions; brick one floor houses; one or two room huts constructed with mud, vulnerable to the weather conditions;
- **Innovative WB policies:** since 2000 title provision (**~600,000 constructions were registered**) & since 2008 infrastructure provision; still ~7,000 not legalized; plans to demolish half of those units

Example: Kyrgyzstan

- **Planning** and building permitting is expensive and bureaucratic; it **needs to be reconsidered;**
- The elite formal citizens of Bishkek and the local administration see the growing urbanization process of the capital city as a burden rather than as a potential opportunity for economic growth, making population registration and acquisition of citizenship a hardship for newcomers;
- Providing ownership of land through social housing is costly, cannot satisfy unlimited beneficiaries and cannot be continued indefinitely. Instead, **modern affordable housing policies should be adopted together with a reorganization of the private construction sector.**

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 perspectives

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 prior to legalization	yes	-	-	yes visual control (by private sector)	(confirmed by the involved engineer)
Detailed controls for environmental and construction standards prior to legalization	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

- A' part finalized by June 2014
- FIG peer review: Prof Paul van der Molen
- Main author: Prof Chryssy Potsiou
with the contribution of other regional & international experts ,
UNECE WPLA bureau members
- Sponsors for printing: FIG, the Dutch Kadastre

All participating countries, experts, donors, FIG, UNECE WPLA, are acknowledged for their contribution