

“Informal Urban Development in Europe: Experiences from Albania and Greece ”

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FIG UN HABITAT GLTN publication

INFORMAL
URBAN DEVELOPMENT IN EUROPE
EXPERIENCES FROM ALBANIA AND GREECE



SUMMARY VERSION

http://www.fig.net/pub/others/un-habitat_informal_urban_dev.pdf

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GLOBAL LAND INFORMATION NETWORK



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Objectives of the study

In-depth analysis of the situation of informal development in the *two countries*, whose specific historic, political, social, cultural and economic conditions *vary significantly*.

Investigate the *policy framework*, the *tools, strategies*, and *practices* to improve the livelihood of urban poor.

Give *recommendations* for improvements in the two countries under study, in order to facilitate growth through the operation of efficient, transparent, and formal land markets and safeguard the environment, and provide other countries with useful knowledge and better understanding and with experience derived from *lessons learnt*.



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Methodology

- Expert Group *Meeting in Athens*, Greece in November, 2009 (*11 presentations and in-depth discussions*);
- The author of the study has then conducted additional extensive research on *existing recent literature* and *interviews in relevant agencies*. Contributing experts have provided their technical knowledge on additional necessary specific information and have made comments and completions in the text.
- The text was approved by the contributing experts, and *peer-reviewed*.

Peer review: Prof Stig ENEMARK

Dr Clarissa AUGUSTINUS

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Methodology - Expert Group Meeting

EGM Members

**Prof Stig ENEMARK, FIG President,
Dr Clarissa AUGUSTINUS,
Dr Chryssy POTSIOU,**
**Mr Flamur KUCI,
Ms Sonila JAZOJ,
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Ms Lubjana NANO,
Mr Kristaq QIRKO,**
**Mr Stavros IATROU,
Mr Gerasimos APOSTOLATOS,
Mr Markos FRAGIOUDAKIS,
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Prof Babis IOANNIDIS.**



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Informal development in Albania

Rapid population increase (7% annually) in the urban centres

Housing need : “**quality**” and “**location**” issue

No appropriate institutional structures and resources **free for all ID**

2/3 of the buildings in urban areas **are ID**; most of good construction **quality**

(The Albanian labour force has invested earned capital to improve their living situation) **Low labour costs** (they build their own houses; safe?)

Informalities : **ownership rights** on land, **planning** and **building** regulations.

illegal **occupation** of land (state, public or private), informal **transaction**, illegal **change from rural to urban**, illegal **extensions** or interventions in old buildings within cities.



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Environmental improvements will be dealt with by future generations

no **connection** to infrastructure

no **services** (waste management, transportation, education and health).

absence of solid waste management

Potable water supply system is suffering problems especially in the suburban areas.

Illegal connections for water and **electricity**; **uncontrolled payments**

Revenues are collected only for one third of the electricity consumed.



➤ employment is within the cities (increased traffic, costs and pollution) **commuting costs**

➤ significant impact in the **peri-urban/rural areas** and the **coastal zone**.

➤ Large areas of formerly productive agricultural land (300,000 hectares) have been converted to urban land use.

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Social aspects

There is practically **no affordable housing** or any social housing policy in place.

Rural land was privatised in 1991 to the heads of the families of the farmers, and through informal inheritance or purchase is by now seriously **fragmented** while much of that has **changed land-use type illegally**.

National projects for the **restitution** of urban properties to former owners and the **privatization of state housing stock** took place in 1993-94. By 2001, about 80% of the total urban land was also privatized.



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Land registration & economic aspects

Deed & title property registration systems are operating **simultaneously**.

Land administration **capacity is not sufficient** (maintenance: transactions and developments)

Formal transaction and construction permits procedures are **bureaucratic, time and cost consuming**, resulting in **public mistrust** and **corruption**.
Citizens have not yet regained their trust in government to provide security of tenure

Informal settlers are **not registered in the place where they live** and informal buildings are **not registered in the cadastral system**.

Informal developments do **not produce any revenue** for the local administration.

An **informal land market** is functioning outside of the formal land market.

No bank loans are available to stakeholders in the informal market.



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Policies adopted to manage informal development

The Albanian government **openly acknowledges** the informal development issue and did not (could not) stop it happening through prosecutions and demolitions.

Government applies a “*pro-growth*” policy, aiming for economic development by:

- **not adopting strict regulations to control development;**
- **legalising properties (with few criteria for rejection aiming to deal with this complex and pressing situation as fast as possible) with the provision of ownership titles and property registration** (including building and parcel measurements) **and infrastructure** was selected as the preferred option.

Further **environmental improvements** are left to be dealt with by the **next generation**.

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Tools & practices: to activate about 6-8 billion USD “sleeping capital”

In total there are **681 informal zones**; 127 new informal zones have been created to encompass **300,000 properties**. Legalization recognizes **current occupants**.

Citizens provide information through a **self declaration** process

Affordable legalization fees are charged. However, there are **concerns** that after legalization settlers will be unable to afford to **pay for services** provision and will be unwilling to **pay property taxes** as well. Funding for **detailed planning** and **infrastructure improvements** are currently uncertain.

By Constitution, compensation must be given to the **previously registered owners** by the state through state funds.



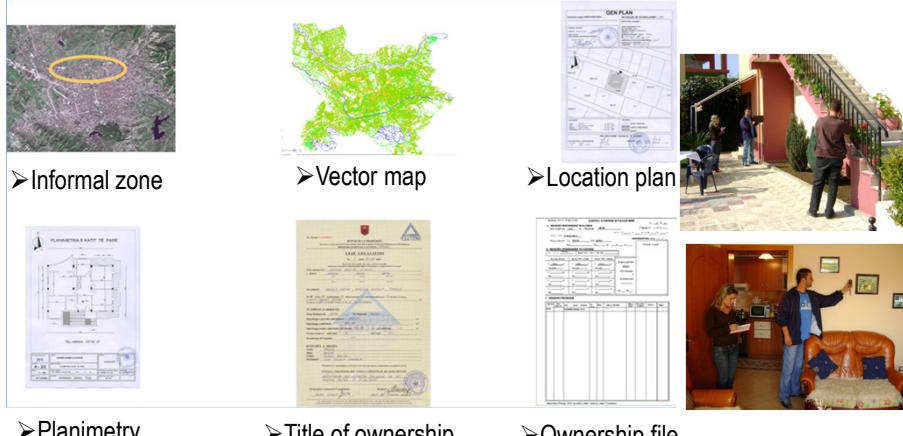
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Legalization procedure -ALUIZNI



Private sector has not been involved in the compilation of the legalization project.
All field measurements and office work are made by **ALUIZNI**.

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Planning procedures and adopted policies

Planning regulations are *not yet updated to meet current needs*.

Spatial planning is in its *embryonic* form.

The new Albanian approach does not include detailed dimensional requirements for parcels. It creates a legal “*development right*” for all parcels (*aiming to solve urgent housing and market needs for the first 20-30 years*), except when individual parcels are too small or odd-shaped to accommodate a typical building.

Detailed planning regulations are usually proposed by those interested to invest and develop; they *refer to the specific area* and are adopted by the authorities as a *document of technical character and not as a legislative one* that may be widely applied. Due to *constitutional constraints* it is not easy to enforce detailed planning and urban regeneration projects.



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Constitutional constraints



- Any land taking must be **compensated** and have the character of **eminent domain**. Occasionally, local authorities have had to **demolish existing constructions** in order to create green areas within the city, and to improve existing road networks.

Detailed information about the demolition procedures was not available.

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Remaining important challenges

By an **incremental improvement** in privatization of land, registration of ownership rights, legalization of informal development, provision of basic services, simplification of building permits procedure, and simplification of planning system, Albania is achieving tangible **improvements in housing of good quality and general economic development**.

Remaining important challenges among others are :

- **legal procedures for compulsory land acquisition for planning purposes and reallocation of land rights**
- **affordable housing policy**
- **sustainable land-uses**
- **enforcement of legislation**
- **professional education and ethics**
- **empowerment of public administration.**

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RECOMMENDATIONS FOR ALBANIA

Mechanisms for **affordable housing policy** and **municipality financing** (infrastructure)

The **private sector** role should be **formalized** by clear rules.

Compensation should be given to the previous owners.

Need for **zoning and general strategic plans** (land-uses, planning, regeneration, development)

citizens' participation in the decision-making

Legislation improvement (registration, legalization, demolition, planning, permits, monitoring, and education of local experts)

Demolition after occupancy should be avoided.

Legal empowerment of the **poor, low-income, minorities and disabled groups** to ensure system's stability.

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RECOMMENDATIONS FOR ALBANIA

Clarification of responsibilities among all involved agencies and better **coordination of relevant projects** is needed to support real estate market.

Detailed field surveys increase the costs but **improve local experience** in land development and **increase system's transparency; pilot projects** are preferable to nation-wide projects.

Local surveyors should have an important role in data collection, visualization and management, formalization and regularization procedures, provision and improvement of tools related to land development, monitoring and management.

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Key findings for Greece

Greece has experienced several “generations” of informal or unplanned development.

Informalities in Greece are mainly related to an excess of zoning, planning and building regulations, or construction without permission.

Informal development mainly includes construction of 1-2 story single family houses in unplanned areas (of an average size of 50-100m² built on rural land or in areas regulated according to the zoning plan as “vacation residence”), or 1-2 room extensions beyond legal constructions. Approximately, one fifth of the constructions are informal (over 1,000,000), not including those with slight informalities (like build-up semi-open spaces, change of uses, extra rooms, etc).

Standards are applied severely in construction due to the increased risk of earthquakes. The majority of buildings are of good and safe construction quality.



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Property registration & economic aspects

Since the establishment of the Hellenic state there is a property registration system in operation. In 1995, a nation-wide cadastral project was initiated.

Emphasis to high level land related public university education and on raising awareness at all levels about the importance of protecting public and state land, safeguarding the environment and cultural heritage and acceptance of a demanding real property tax system.

As planning and infrastructure provision has been always expensive and there was no housing policy in place, construction was permitted also in non planned areas under strict regulations. Building permits require involvement of more than 25 land related agencies and may last several years and in many cases requires court decisions.

Informal developments cannot be sold, rented, inherited legally and/or mortgaged. There is a loss of revenue although taxes are paid for the land which is owned legally.

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Environmental aspects

Basic infrastructure (fresh water, electricity provision, telecommunication and basic road network), **have gradually been provided**. Local authorities try to upgrade the neighbourhoods periodically.

Greece is still struggling to **solve the resulting environmental problems of dense unplanned development**. The necessary costs to provide services and recover environmental impacts are huge.



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Social housing-Dwellings built by OEK

➤ **A public rental sector does not exist in Greece, and home ownership is the main type of tenure.** The Workers Housing Organisation (OEK), operates with its own financial resources. Dwellings are sold to qualified buyers at approximately 40% of commercial value in the free market (or loans with low interest are given instead).



➤ **Housing policy since 2000 has been under strict fiscal and monetary constraints.**

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Social aspects

People choose the extra-legal process when *there is no other realistic and/or affordable choice available* that satisfies their needs.

A recent opinion poll (2009) shows that *40% of Greeks have difficulties in paying their housing loans*. About *50% of Greeks consider informal development as the only solution to their housing needs*.

The Greek Constitution gives priority to environmental issues, rather than economic development needs.

>50% of the country is protected state owned land (*?% church property*)
However, the state cannot respond well with its protection or management.

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Planning procedures and adopted policies

Planning principles in Greece are not updated to take into consideration current national and international social and economic change. The existing detailed spatial and urban planning legislation is comprehensive but very complex (over 25,000 pages of legislation), *focusing on the control of development* and on the protection of the environment and the public lands.

Urban planning is extremely centralised and expensive. Planning studies at an average take more than 15 years and cost higher than € 6,000 per hectare.

During the last decade hardly any new plans were ratified.

lack of necessary spatial data infrastructure (cadastral maps, forest maps, etc) and the fact that the areas under planning already include *formal or informal developments* make planning a complicated task

The statutory environmental constraints are *not clearly defined and not delineated on maps*.

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Policies adopted to manage informal development

By Constitution, informal constructions cannot be legalized in Greece if they are built in non-planned but *protected areas or if they exceed existing planning or building regulations*

Individual informal constructions in highly protected areas that create serious damage are demolished after court decisions. High penalties are also applied for serious informalities.



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Penalties applied

Three successive main laws referring to informal development (Law 1337/1983, 3212/2003, and 9732/2004) have created three categories of informal constructions according to their construction year.

Those constructed prior to 1983 *may not be demolished* (unless they occur within environmental sensitive areas) The penalties include a one-off penalty equivalent to 10% of the market value of the property, as well as an annual conservation penalty.

Those built from 1983 to 2004, should be *demolished* and owners must be fined. One-off penalty and an annual conservation penalty for the time of occupancy

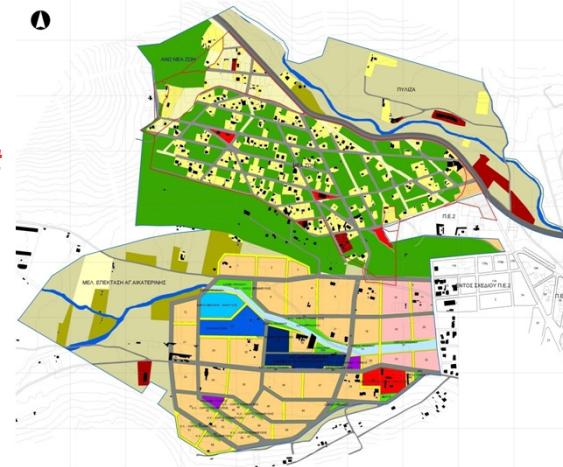
Those built after 2004 should be *demolished* and the owners must be fined. One off penalty equivalent to *200% of the market value of the property* and an annual conservation penalty for the time of occupancy.

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Constitutional constraints

- The only possibility for legalization of informal settlements in the non-planned areas is *through an enforcement of a city plan and provision of infrastructure if allowed by the constitution*
- ~ 45% of the properties in the unplanned areas is claimed by the state as "forest lands"



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Policies adopted to manage informal development

No environmental impact in the coastal zones, archaeological sites and forests.

Revenue generated by penalties, is channelled *directly to central government*.

Politicians did not talk openly.

Buildings (formal or informal) are not shown on the cadastral maps.

There is no plan yet providing for cadastral maps to be used for planning and construction permits purposes.



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RECOMMENDATIONS FOR GREECE

Nation wide **projects should not be forced to comply with old legislation and practices.**

Registered **property rights should not be linked with informalities related to detailed planning regulations like minimum required land parcel.**

Major reforms are necessary **after the compilation of the forest maps.**

Planning and building permits legislation needs to be simplified and decentralized.

Need for **balancing the need for environmental protection against a prosperous and resilient land development activity** for economic advancement.

Better coordination between **local and central government**, but also unified land policies and support by all political parties.

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RECOMMENDATIONS FOR GREECE

Legalization **penalties should be affordable**; penalties should be **directed to local governments** and reinvested for environmental improvements.

Administrative and financial empowerment of local authorities, co-ordination of relevant land related national projects, improvements of the necessary spatial data infrastructure, and European cooperation and harmonization is encouraged.

Mechanisms for providing **affordable new urban land and for improving the affordable housing policy** for low and middle-income families and municipality financing should be developed

On site inspections to certify conformance of each construction is not a realistic approach under the current situation. **Automatic environmental monitoring of sensitive areas is preferable.**

Education, capacity building and public awareness should be improved to encourage investments on land and to increase **transparency and e government**, citizen participation and **economic growth**.

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