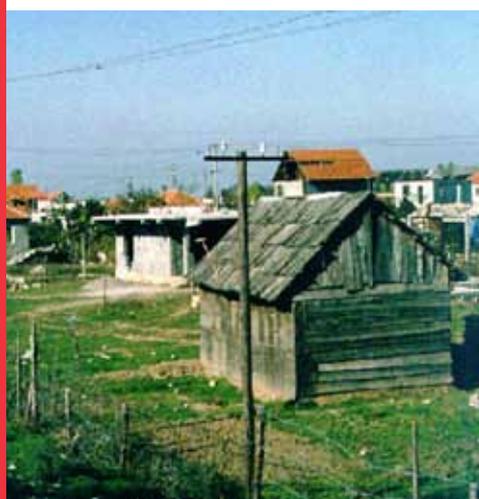


INFORMAL

URBAN DEVELOPMENT IN EUROPE

EXPERIENCES FROM ALBANIA AND GREECE

SUMMARY VERSION



Informal Urban Development in Europe - Experiences from Albania and Greece

Copyright © United Nations Human Settlements Programme (UN-HABITAT), 2010

HS/151/10E

ISBN: 978-92-1-132266-8

Disclaimer

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or concerning delimitation of its frontiers or boundaries, or regarding its economic system or degree of development. The analysis, conclusions and recommendations of this publication do not necessarily reflect the views of the United Nations Human Settlements Programme or its Governing Council.

United Nations Human Settlements Programme (UN-HABITAT)

P.O. Box 30030, Nairobi 00100, Kenya

Tel: +254 20 762 3120

Fax: +254 20 762 3477

www.unhabitat.org

Cover photos by D. Andoni, S. Jazoj, ALUIZNI, S. Leka, K. Dimitriadi

Principal author: Dr. Chryssy A Potsiou, Assistant Professor, School of Rural and Surveying Engineers
National Technical University of Athens, FIG Commission 3 chair (2007-2010)

Contributors: Dr. Clarissa Augustinius (UN-HABITAT), for a full list of contributors see inside back cover.

Editing and layout: Robert Wagner, Britta Uhlig

Sponsors: Norwegian Government, Swedish International Development Cooperation Agency

Printing: United Nations Printshop in Nairobi

INFORMAL
URBAN DEVELOPMENT IN EUROPE
EXPERIENCES FROM ALBANIA WAND GREECE

SUMMARY VERSION

2010

CONTENTS

FOREWORD	3
1. INTRODUCTION	5
1.1 Methodology and goals	6
1.2 Background and objectives	6
2. INFORMAL DEVELOPMENT SOLUTIONS IN ALBANIA	9
2.1 Causes of informal developments and country background	9
2.2 Impact of informal developments	12
2.3 Housing policy, land markets, and the private sector	12
2.4 Addressing informal developments	13
2.5 Legalizing informal developments	14
2.6 Conclusions	17
3. INFORMAL DEVELOPMENT SOLUTIONS IN GREECE	18
3.1 Country background and causes of informal developments	18
3.2 Impact of informal developments	22
3.3 Housing policy, planning, private sector, options for solutions	22
3.4 Addressing informal development	26
3.5 Conclusions	27
4. LESSONS	29
4.1 Tools and methods used to formalize existing informal development	29
4.2 How to eliminate the phenomenon of informal development in the future	32

FOREWORD

Conventional cadastral and land registration systems focusing on land parcels and registered titles cannot supply the security of the various types of tenure arrangements found within most informal settlements. In the same way, many traditional planning systems do not adequately address the real issue of controlling the use of land in a balance between the overall land policies and the needs of the local communities and citizens in urban, suburban and rural areas. This lack of consistent land use control leads to informal development that results in unplanned settlements and areas where housing is not in compliance with current planning and building regulations.

Informal development occurs in many developing countries throughout the world and the phenomenon is not a novel issue for Europe either, especially for the Southern and Eastern part of the region. Important changes in the region over the last twenty years, like the establishment of free market economies and rapid urbanization, have increased informal development activities.

There is no simple solution to preventing and legalising informal development. The problem is linked to the national level of economic wealth, in combination with the level of social and economic capital in society. On the other hand solutions are a function of consistent land policies, good governance, and well established institutions and systems.

The purpose of this study, which was undertaken with Government officials of the respective countries, is to provide just such an in-depth analysis of the situation in two neighbouring countries, Albania and Greece, whose historical and cultural backgrounds vary significantly. The research shows that they are also very different with regard to how they respond to informality in terms of regulations, priorities and political approaches.

The study covers the issue of informal development in Greece and Albania at a very detailed level, engaging with all the many complexities and variables associated with the issues and the different systems and institutions. It also gives recommendations for improving these systems.

The most important aspect of this study is the lessons learned and best practices, which other countries in the developed and developing world can learn from in dealing with informality. Some of these include: the need for a dedicated agency for regularisation of informal settlements; that municipal residents are prepared in some situations to fund trunk infrastructure through a special fund; and that registered rights do not have to be linked always to the plot size. In this regard this publication is a great source of information, and provides valuable understanding of the nature of informal development for a wide range of readers including policy makers, professionals, national and local governments in countries in the north and south.

We trust that this study will encourage people to take up the challenge of informal development, by learning from Albania and Greece and how they have worked to solve their informal settlements, and that this will generate greater awareness to a wide range of stakeholders. We thank the Government officials of Albania and Greece who participated in this study and who shared their rich technical experiences in a way that made it possible for other countries to learn.

Dr. Clarissa Augustinus

Chief of Land, Tenure and
Property Administration Section
UN-HABITAT

Professor Stig Enemark

President
International Federation of
Surveyors

1. INTRODUCTION

Informal development is not a novel issue for Europe. The southern part of the region has long experience in dealing with this problem. Rapid economic and political change in the European region during the last twenty years has resulted in rapid population increase in many urban centers, mainly due to immigration of rural poor searching for job opportunities and better living conditions, or of internally displaced people. Increasing unplanned or informal suburban development has become an issue of major importance particularly in the transition countries.

Many countries are investing substantial funds to establish or improve their land tenure systems. The focus is on formalizing the real estate market and achieving economic growth. Although in most countries in transition land privatization and first registration projects have been in operation since the beginning of the 1990s; informal development and lack of efficient administration already threatens the newly established legal rights and zoning regulations over land. Squatting on state and private land occurs in urban and suburban areas, weakening land tenure security and creating environmental and social problems in the region. In many cases illegal construction in Europe is well built and can be considered as “affordable housing” rather than as “slums”.

“*Experience shows that legalization, penalties and even demolition has not completely stopped informal development.*”

Overlapping responsibilities and resulting problems show that countries have not yet managed to coordinate responsible land-related agencies and relevant projects. Planning is a tool that involves politics. In many countries, there are several political debates related to planning and land management aspects. During the period of centrally controlled economy in Eastern European countries, spatial/urban development planning was considered to be a task for the government exclusively, in which citizens had no involvement. After the social and political changes, there is a significant lack of knowledge and experience due to that attitude. There is a need to improve relevant education at all levels, create local expertise, share experience and raise public awareness about the importance of land management tools like cadastre, property registration and planning. There is also a need for stakeholders, local experts, professionals and citizens to realize that such tools must be applied in coordination with each other. Experience shows that legalization, penalties and even demolition has not completely stopped informal development.

FIG and UN-HABITAT recognize that there is a continuing need within the European region for guidelines and tools to address informal urban/suburban development and to reduce the phenomenon in the near future.

The study builds upon the research done by FIG and UN-HABITAT. It includes material from the publication produced by the UNECE WPLA and CHLM, “Self-made Cities – In search of sustainable solutions for informal settlements in the United Nations Economic Commission for Europe region”, in 2009, adds more detailed information and lessons from experience with the problem of informal urban and suburban development in Albania and Greece.

1.1 METHODOLOGY AND GOALS

The study is based on the material derived from the Expert Group Meeting on Informal Development in Albania and Greece held in Athens, Greece in November, 2009. According to the agenda, each EGM member had prepared specific research on the topic in advance. The situation in both countries was then presented, analysed and discussed.

The study investigates the causes, characteristics, and policies which led to informal development in Greece and Albania. It analyses the tools used to address the existing situation, and provides a critique of and proposals for controlling informal development and its future impact.

The specific goals of this study are:

- to identify alternative solutions to informal and unplanned urban development.
- to make this experience available to other countries facing similar problems.
- to make some general recommendations for improving the situation in Albania and Greece, and advocate for more realistic and appropriate land policies in order to reduce the phenomenon in the future.

The study also adds to the knowledge about informal development and the tools used to address it, which will be useful to policy makers and planners in other countries facing similar challenges. It does not advocate the same solution for all countries, on the contrary it emphasizes each country's different history, culture and experience and different political priorities.

The study initially provides the background and objectives of the Athens workshop, then provides separate in-depth background and analysis of the informal development solutions being adopted in Albania and Greece. Following a review of how 'pro-poor' the solutions are, the final chapter provides a series of lessons learned, many of which can be applied to other countries experiencing informal development issues.

1.2 BACKGROUND AND OBJECTIVES

Governments regulate land related activities, including holding rights to land, regulating the economic aspects of land, and controlling the use of land and its development in order to achieve an optimum level of sustainable economic growth.

Planning regulations and tools are applied to regularize development. Zoning and detailed urban planning regulations applied to land, usually by central and local authorities, aim to restrict private rights and to apply obligations on the use of land in order to facilitate the common benefit and environmental and cultural protection. In that respect, information on such regulations and restrictions is directly related to information about land tenure and land value, as secured land tenure directly affects the value of land.

Planning and land tenure procedures vary in different countries, and may include land-use plans, partial plans, zoning plans, detailed plans, cadastral maps. The level of coverage (national, regional, local) varies as well.

Land tenure and planning tools support proper management of rights, restrictions and responsibilities on land and natural resources. Such tools deal with land tenure, land value, land use and land development. Although

these functions are strongly interrelated, they are performed by a mix of professional people including surveyors, engineers, valuers, land economists, planners, and developers.

There is no common planning system within the European region. Planning systems vary considerably in terms of scope, maturity and completeness, and the distance between expressed objectives and outcomes. Within the European region four major approaches to planning can be identified:

- a. the regional economic planning approach, where central government plays a strong role.
- b. the comprehensive integrated approach, where spatial planning is conducted through a systematic and formal hierarchy of plans; plans at lower levels must not contradict planning decisions at higher levels.
- c. the land use management approach, where planning is a more technical discipline in relation to the control of land use.
- d. the Urbanism approach, where the key focus is on the architecture and urban design.

BOX 1: PRINCIPLES FOR SUCCESS:

An appropriate legal framework must initially be established to support informal development formalisation that provides flexibility in how the regulations are applied. This legal framework should be simplified wherever possible to allow full transparency for the citizen and to reduce the institutional overheads in delivering formalisation

Wherever possible, the number of land related agencies that the citizens or their representatives have to liaise with should be minimised. The simplified legalization process should be backed up with measures to stop further informal development. In Turkey and Italy, evidence shows that informal development has occurred in the absence of such countermeasures.

A decentralised and empowered authority should be established over time to implement the formalisation process. This will encourage more effective engagement with the citizens.

Demolition of structures should be used only in exceptional cases, and alternative land / housing found for the residents.

If the environment is to be effectively safeguarded then priority must be given to legal delineation through mapping of environmentally sensitive areas. Resources should

be provided to monitor these areas for any informal development. Automated methods are necessary for monitoring. Spatial planning laws must be supported with mapping.

It is essential that an effective land registration/record and land administration system underpins the solution to informal developments. It is also important that cadastre be linked to the planning regulations and building permitting information. Priority needs to be placed on strengthening the capacity of land administration systems to build trust and support a robust formal land market.

Solutions to informal developments should ensure that affordable housing options are a part of overall housing policy.

Low level spatial planning would have been a considerable advantage in case of lack of funds. For example, to designate areas (zones) available for development and to allow construction within these areas but to ensure that sufficient space will remain for infrastructure and civic amenities in future.

Extra-legal informal developments can be legalised using an approach that involves self-declaration.

Politicians should support the development of new legislation and associated regulations to ensure that

these artefacts of the legalisation process are resolved quickly, fairly and consistently.

The legislative framework to support the spatial planning and building regulations should be presented in a way that is understandable by citizens – this should include a spatial interface to the information provided by e-planning solutions.

Regular revisions of the spatial planning laws and general building regulations are required to ensure they are aligned with current related policies. Flexible planning and integrated land-use management better serves the changing needs.

The land professionals should develop business cases to justify the investments in solving the informal developments across the country and use this to leverage political support. Scalable legalization fees may increase revenue which can be reinvested in affected areas.

The countries should implement the EU INSPIRE directive and create a strategic framework for a National Spatial Data Infrastructure. This will lay the foundation for providing effective e-government solutions to planning and legalisation of informal developments.

Applied planning tools are partly determined by the cultural and administrative development of the country or jurisdiction, as is the case for existing cadastral tools.

In many countries there is a tendency to develop tools for securing land tenure without close coordination with tools for land use and planning. There is then no effective institutional mechanism for linking planning and land use restrictions with ownership rights and land values, the operation of land markets and economic development.

These problems are often compounded by poor administrative and management procedures that fail to deliver required services. The failure to treat land and its resources as a coherent whole, together with the rapid urbanization of particular regions leads to informal urban development and to informal operation of land markets. This results in environmental, social and economic impacts such as:

- Inadequate services for provision of necessary infrastructure, fresh water, municipal sewerage system, electricity connection, parking spaces, public toilets, schools, clinics, recreation areas, waste management, and neighborhood safety.
- Unclear legal rights on land.
- Extra costs for environmental improvements in unplanned urban areas.
- Inefficient environmental monitoring and land related decision making due to lack of reliable spatial information.
- Water pollution, soil erosion, traffic congestion, degradation of the coastal zone, forest fires.
- Corruption, lack of transparency in land management issues, poor citizen participation in decision making.
- Informal real estate market.
- Lack of state revenue through: loss of property transaction fees, permit fees, and property taxation on informal buildings.

Emphasis is placed on identifying tools to solve the current situation (e.g., possible tools for legalizing existing informal land development and environmental upgrading of such areas), and prevent future informal development in the two countries, and to provide other countries with useful knowledge and experience from lessons learned. The specific objective of this study, within the context of the Global Land Tool Network, is to provide experience and knowledge sharing in:

- Security of land tenure, legal integration, credit access and empowerment of the urban poor living in informal settlements.
- Social integration of the urban poor and low income people, by providing guidelines for infrastructure improvements within informal settlements, so that they will no longer be considered as “second class” citizens, who through their actions cause environmental and fiscal problems.
- Active citizen participation in land use zoning and planning processes, especially for the urban poor and low income citizens.
- Transparency in land management and development of planning and development procedures in order to eliminate corruption.
- Facilitating economic growth through the operation of an efficient, transparent, and formal land market.

2. INFORMAL DEVELOPMENT SOLUTIONS IN ALBANIA

2.1 CAUSES OF INFORMAL DEVELOPMENTS AND COUNTRY BACKGROUND

Albania has a favourable geographic position on the Adriatic Sea (see figure 1), considerable natural resources and is mostly mountainous (77% of the territory) in the north and the east. Between World War II and the change of the political system in the early 1990s, Albania had a centralized economy. Centralised planning was enforced, internal migration was

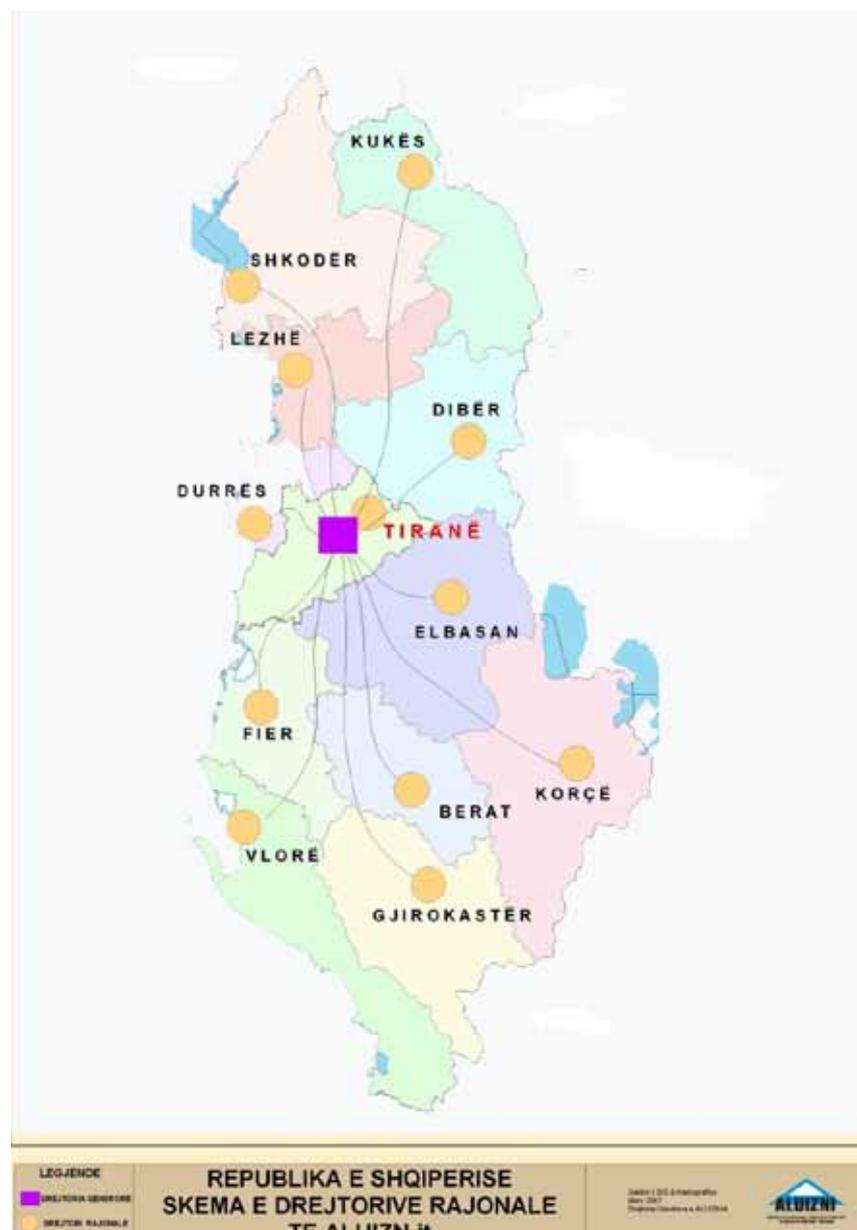


FIGURE 1: Map of Albania © ALUIZNI

strictly controlled; almost 80% of the Albanian population had to live in the rural areas; arable land doubled in size within the period 1950-1989, while the average residence area per person was 6-8 m².

After the political, social and economic changes, Albania turned to a free market economy, with a tax-based system. Albania experienced tremendous changes during the rapid transition to a market economy. Government was no longer responsible for the provision of employment and housing.

In Albania the transition from state to private land management started with the privatization of agricultural land to rural residents in 1991. Restitution of urban properties to former owners and privatization of housing stock (state owned apartments) to the occupants took place in 1993-1994. Several privatization laws have been implemented.

By 2001 almost 4 million properties (80% of all urban land) has been privatized. Rights of ownership on apartments were sold to adult (male or female) occupants who had rental contracts with the State in year 1992.

Rural land was distributed to the heads of the families. However, fragmentation of rural land continues as it is subdivided among new members of the family.

After the political change, a private sector emerged and decentralization of state responsibilities was initiated. Free movement of people seeking employment and better living conditions is now considered a fundamental human right. Without much experience and knowledge about “private ownership rights” and the importance of keeping records updated, people started to move freely from the mountainous interior and to settle illegally either close to urban areas or in the coastal zone.

In the meantime, there was a wave of emigration to the neighbouring countries with Western-style free market economies. This was accompanied by a massive urbanization movement, with the population of greater Tirana increasing from 275,000 to 800,000 citizens in a short time.

In parallel, the construction sector has also developed rapidly. New construction took place mostly on prime agricultural land (outside the yellow line which defines city boundaries) around the largest cities but also outside the village boundaries. This reduced the availability of highly productive land. During that period the migration rate was so high that approximately one apartment block of 20 dwellings was built in the Tirana area each day (see figure 2).

At the initial stage, most informal settlers’ building activity was in, or around the main city and settlements were only used for housing purposes.

The legal framework for planning and development control inherited from the communist regime was unable to cope with the increase in population and construction activity.

Housing need in Albania was not characterised by “quantity”, but was rather an issue of “quality” and “location”. During the 50 years of communism, a big need for “good quality” housing accumulated. Thus, many buildings in informal developments are built to a good standard (figure 3). At present the formal housing market has addressed the “quality” need but has not yet provided affordable housing.

The government prefers development “growth” to development “control”.

“

Housing need in Albania was not characterised by “quantity”, but was rather an issue of “quality” and “location”.

”



FIGURE 2: Tirana capital city: in the early 1990's (top) and in 2009 (bottom) © Andoni, 2009; Leka, 2008

“

Approximately two thirds of buildings in urban areas in Albania are informal developments.

”

It also tries to be pro-active and direct development in certain areas rather than apply detailed controls. Government has adopted the most popular approach for the last 20 years: a broad legalization process, which will be discussed in section 3.4.

Referring to the gender issue, in Albania, according to what is reported, legal rights on urban apartments were issued to adult men or women based on occupancy in 1991. In rural areas, however, legal land ownership rights were issued to the head of the family. Legalization certificates are provided to occupants.



FIGURE 3: Constructions of good quality © Andoni, 2007, Qirko, 2008

2.2 IMPACT OF INFORMAL DEVELOPMENTS

It is estimated that approximately 6 to 8 billion USD has been invested in informal development construction in Albania, and that 40,000 hectares of land is occupied either illegally or informally. Approximately two thirds of buildings in urban areas in Albania are informal developments (almost all new construction since the social and political change). The scale of this phenomenon makes it necessary to evaluate its positive and negative impact both on the origin and destination of settlers. These impacts are obvious and visible in both cases.

Rough estimates show that, in parallel to the informal constructions, more than 100,000 apartments were built since 1990 by the formal sector.

Most informal constructions are not connected to basic infrastructure, causing supply problems for fresh water and electricity and lack of sewerage systems. Many important planning aspects are overlooked when providing services such as spaces for education, health care, parking, or for traffic management. Illegal connections for water and electricity create urban management problems, while the hygiene of the water supply system is questionable. Most jobs are within the cities, so settlers have to commute daily. The poor quality of the road network and public transportation encourage dependence on private cars, increasing traffic, commuting costs and time, and air and noise pollution.

There are concerns at the international level that the adverse impact of rapid urbanization and informal developments on the environment and the people may be significant. See Box 2.2.

Illegal squatting on private land has complicated the first registration of property rights and the land restitution procedures and thus weakened the trust of citizens in the new cadastral and land administration system. An informal land market is functioning outside of the formal land market. The result is that bank loans are not available to investors in the informal market.

Recently Albania has started making significant environmental progress by initiating countrywide projects that give hope that the country has turned a corner.

2.3 HOUSING POLICY, LAND MARKETS, AND THE PRIVATE SECTOR

Government has adopted De Soto's approach: that many citizens would have made their properties legal if the formal land administration systems had been available to support their investment time-frames. Therefore, many properties can be considered 'extra legal' instead of 'illegal'.

Following the political change, there has been practically no affordable housing or social housing policy in Albania. Current central government honestly adopts the principle that informality is a response to inefficiency of a state responsibility related either to good land administration and urban management, or to housing policies, to economic development and provision of job opportunities. The government believes that the state cannot punish someone who has provided for him/herself what the state has failed to do.

BOX 2.2.: ALBANIA'S URBAN ENVIRONMENT:

According to a UNEP study published in 2000, the country's situation during the decade following the political change was described as follows: "Environmental responsibilities within the Government, however, are widely dispersed and often overlapping ... policies are not coordinated, implementation is slow, and enforcement is weak. The absence of solid waste management is an enormous, and readily apparent, problem in Albania... The sites are often adjacent to rivers and other water bodies, some of which may be supplying drinking water.

A second extremely serious problem is the complete absence of industrial and hazardous waste management ...urban water supply systems are plagued by problems. It is estimated, for example, that 50% of Tirana's water is lost in the city's supply network.... Rampant construction, urban migration, and illegal connections are exacerbating the system's problems, particularly in the city's suburbs. In addition, infiltration from parallel sewer lines causes periodic cross contamination of the supply... In 1989, there were a total of 2,000 cars in Tirana. By 1998, the number had grown to 60,000, out of a total of 150,000 vehicles nationwide... Albania is currently experiencing an energy crisis. Outside of urban areas, many Albanians depend on firewood for fuel and heat."

There has been strong support for retaining and creating public green spaces and public squares, and protecting stream and river routes in Tirana city, such that informal developments built in such areas have been demolished by municipal decree. However, little documentation is available about the real costs-vs-benefits of this policy applied by the local authorities.

Although there is a broad national and international acceptance of the environmental improvements achieved within the capital city, there are also serious concerns since no compensation is provided for the land takings. According to the Albanian Constitution (1998) expropriation of property for public needs (i.e. eminent domain) is permitted only with fair compensation. Land takings for widening inner-city roads, and other purposes are not always compensated although private rights are recognized and registered in the cadastral records.

2.4 ADDRESSING INFORMAL DEVELOPMENTS

The Albanian government has considered four ways to address the informal development challenge:

- Demolish illegal structures.
- Ignore the problem.
- Comprehensive spatial planning.
- Legalization.

DEMOLITION

Demolition and a return to the situation of the 1990's, in order to force reality to comply with ownership rights according to the first registration or the existing planning regulations, is not a feasible or wise option. It is not politically correct, but it is also unrealistic since two thirds of buildings in the urban areas are informal developments. It is also extremely costly when the informal constructions represent solid investments and are a vital part of the economy.

IGNORE THE PROBLEM

Ignoring the problem, which was the route taken for the first 15 years, was not a sustainable and wise option to be continued, since the informal development simply kept growing. Doing nothing was considered a poor solution since the growth of Tirana was running at 7% per annum during the 1990's.

COMPREHENSIVE SPATIAL PLANNING

The implementation of comprehensive detailed planning to regenerate the settlements and impose controls on development was not considered an option. This approach is too costly and would have taken too long to be implemented. Besides, it would have made things more complicated.

LEGALIZATION

“Legalization” clarifies ownership rights on land and real estate and solves the land tenure problems only. Violations of planning regulations,

or enforcement of new planning regulations, are left to be dealt with at a later stage. Legalizing property rights, with simple zoning criteria for rejection, the provision of registration and providing basic infrastructure as a following stage, was selected as the most preferable option (figure 4).

The high rate of urban growth of the 1990s has slowed in recent years. This raises the hope that better decision making based on spatial planning may be possible in the future.



FIGURE 4: Integration of informal constructions: legalized buildings (red), buildings rejected for legalization (black), buildings still under consideration (grey), plans for new roads (brown) © Leka, 2008

2.5 LEGALIZING INFORMAL DEVELOPMENTS

ANALYSIS OF THE CHALLENGE

The present government admits that currently informal development is the only way for the average Albanian to acquire better housing, or even a second house. Building through existing formal procedures normally means waiting for several months with unknown results.

Allowing informal building procedures, legalization of squatting, and ownership rights provision for informal houses was chosen as the best approach to address service provision, improve the image of the State, and stimulate the economy of Albania. This approach also provided a motive to emigrants to bring their savings back into the country, and activate “dead or sleeping capital”.

LEGISLATION FOR LEGALIZATION

A law for legalization of illegal settlements and construction was passed by the Albanian Parliament in 2006 to support the legalisation process of informal developments.

The main characteristics of the legalization procedure according to this law are the following:

- **Legalization:** issuing of ownership titles for land and buildings; squatters must pay a fixed price for the land they have occupied.
- **Equality:** fixed land values for land are adopted in order to calculate the legalization fees, despite the economic and social status of the squatter.
- **Compensation:** by law, the previous registered owners are to be given compensation. The amount of money will be based on the land-value before the illegal occupation by the new occupants. So far no compensation is given..
- **Urbanization:** infrastructure for informal settlements that are legalized will be provided through state funds.

The law was based mainly on economic aspects e.g. activating dead capital, increasing local revenue from taxes and avoiding further social and managerial problems like criminality, health risks, and traffic congestion. The aim is to avoid criticism from opposition parties, and to quickly stimulate economic growth. However, many issues remain unresolved and questions unanswered.

Examples of such questions include:

- Did informal settlers make an informal transaction with the original land owner, or did they occupy the land by force?
- How will those who respected the law be treated?
- Is the occupied land under legalization actually public or private; does a building permit exist for that land parcel or not?
- What is the actual use of the building: residential or commercial?
- What will happen to those illegal constructions that cannot be legalized within or outside the informal zones?

To deal with some of these issues, the government has in parallel worked on the compilation of the Urban Law.

ALUIZNI (Agency for Legalization and Urbanization for Informal Zones Integration) is the national agency set up in 2006 to manage the programme of “legalization and urbanization of illegal settlements and buildings” in Albania.

There are two types of legalization:

- Legalization of informal settlements usually in peri-urban areas, outside the municipality boundaries, and
- Legalization of apartment blocks, which have a building permit, but have exceeded that permit, usually within the city areas.

COMMUNICATION WITH CITIZENS / SELF DECLARATION

Within the procedures of the legalization process there is significant citizen involvement. Citizens are invited to provide the government with information about their informal developments through a *self declaration* process. According to the legalization law, a 6-month period was given for Albanian citizens to declare their informal homes. Approximately 350,000 declarations were submitted, out of which 80,000 were multiple-dwellings, apartments and shops. When feasible, site visits to informally developed

areas are organized by experts accompanied by trusted local representatives, in order to increase awareness and public acceptance of the legalization process.

LEGALIZATION PROCEDURES AND RESPONSIBILITIES

ALUIZNI aims to formalize approximately 350,000 informal buildings and to formalize the land parcels as well. It aims to activate the 6-8 billion USD dead capital in a formal real estate market. ALUIZNI is required to develop plans for important pending projects.

Classification of developments

The authorities have identified the General Adjustment Plans which set the line of urban construction (the “yellow line”). Within this boundary urban infrastructure systems will be expanded to allow the construction of housing, trade, service and industrial facilities during a 15-year period. The plan also sets the suburban line further out on the periphery of the city. Informal development within the yellow lines can be legalized and become urban area. 127 new planning zones have been created to encompass 300,000 properties in informal developments.

Technical documentation

To facilitate the legalization project ALUIZNI created a digital data base which includes the geographical location of the properties to be legalized as well as other technical information as required by the law. ALUIZNI has cooperated with the Organization for Security and Co-operation in Europe, the World Bank and USA academic centers in this project. The budget for the project is €5 million in total. 2.5 million of this has been spent for:

- Aerial photography production that covers the whole country.
- Orthophoto production.
- Identifying informal zones (areas that can be urbanized and thus legalized).

This part of the project is now finished. In total 681 informal zones were identified. The technical and legal documentation for 152 of these zones (equal to 23,000 hectares of land) is ready, while the rest is being compiled.

“
According to the legalization law, a 6-month period was given for Albanian citizens to declare their informal homes.
 ”



FIGURE 5: Field surveys for the compilation of planimetric plans © Qirko, 2008

BOX 2.6.: LEGALIZING INFORMAL CONSTRUCTION:

Complicated planning and detailed land-use regulations, in combination with the inefficiency of land administration agencies, would have significantly slowed down economic development, if enforced by government. The Albanian government is unable to provide social or affordable housing for low and middle-income families, due to privatization of all State-owned real estate property and a lack of regulations for the private sector in housing. Citizens relocate in search of better living and working opportunities and build informally.

The Albanian labour force has invested capital to improve their living situation. Most of the housing in Albania has been built by skilled workers. This significant amount of capital invested, if not legalized, would have remained a “sleeping” capital, not been taxed, transferred or mortgaged.

In dealing with the current problems, the government has adopted simplified legalization procedure of informal buildings. It also simplified planning and building permits-procedures to solve the urgent housing and economic needs for the first 20-30 years after the political transition to a market based economy. Infrastructure improvements, like fresh water and electricity, are also scheduled to follow legalization. Environmental improvements in informally developed areas, detailed planning and zoning regulations will be dealt with by future generations. This incremental improvement in privatization of land has allowed Albania to achieve tangible improvements in good quality housing and general economic development.

The next step involves the creation of the base map. The buildings and parcels are measured in an arrangement of plots. On-site inspection and field surveying follows to collect all the remaining necessary data concerning the technical documentation of buildings, e.g., the floor-plans of buildings (figure 5 above). Vector maps in GIS structure are produced; 50% of the country has been covered to the basic map and field survey stage at the time of writing.

Provision of land for public purposes must be negotiated with land owners on a “quid pro quo” basis whereby land owners contribute land for some value. The value received may be infrastructure, such as water supply, sewer service, electricity, gas, or it may be the right to develop the land.

PROVISION OF INFRASTRUCTURE

The State provides finance for the provision of necessary basic infrastructure in areas with informal development, like fresh water supply, electricity, etc. The citizens in informal developments pay to connect to it. Informal building owners must contribute money, through real property taxation, that may vary according to the estimated value of their property. Tax revenues may be re-invested to finance necessary infrastructure improvements.

2.6 CONCLUSIONS

From a political and economic standpoint, the government had no option but to allow the widespread informal development to continue unabated over the past 20 years. However, the government now faces the difficult task of retrofitting infrastructure and providing citizen services, such as schools, transportation and hospitals, within these unstructured informal developments. Spatial planning is only in its embryonic form and is being applied to the defined informal development zones.

Government policy focuses on legalizing and integrating into the formal market the 127 informal settlement areas as fast as possible. Local planning and infrastructure improvements in these areas are scheduled to be the next direct step. This will be a long process and the sources of funding for this are uncertain. Existing dense development and constitutional constraints will hinder alternative solutions. In the interim, the negative impact on the environment and quality of life for urban citizens could be substantial.

The government has successfully engaged the citizens in the legalisation process and simplified certain aspects of the process. However, the lack of land administration capacity within local government and central government agencies has hindered the process. Citizens have not yet regained their trust in government to provide security of tenure. This has led to the shunning of the formal land and property market; most people still make deals in the informal market with no formal registration of their transactions. Without re-establishing this trust, the early and on-going investments in land administration solutions will quickly erode. Public awareness and education, professional capacity building, professional ethics and codes in land related and environmental aspects must all be improved.

3. INFORMAL DEVELOPMENT SOLUTIONS IN GREECE

3.1 COUNTRY BACKGROUND AND CAUSES OF INFORMAL DEVELOPMENTS

GENERAL STATISTICAL INFORMATION

Public lands are not accurately defined and surveyed in Greece, despite the fact that they are about 50% or more of the total area of the country. There are 3,664,071 households and 5,475,400 residences. The average residence area per person is 35m². There are approximately 15-18 million land parcels and 37.2 million ownership and other legal rights, including multiple rights to single land parcels. The total area used for farming is 35,832 km² and the average farming unit area is 4.4ha. The total value of privately owned land is estimated to be €750 billion.

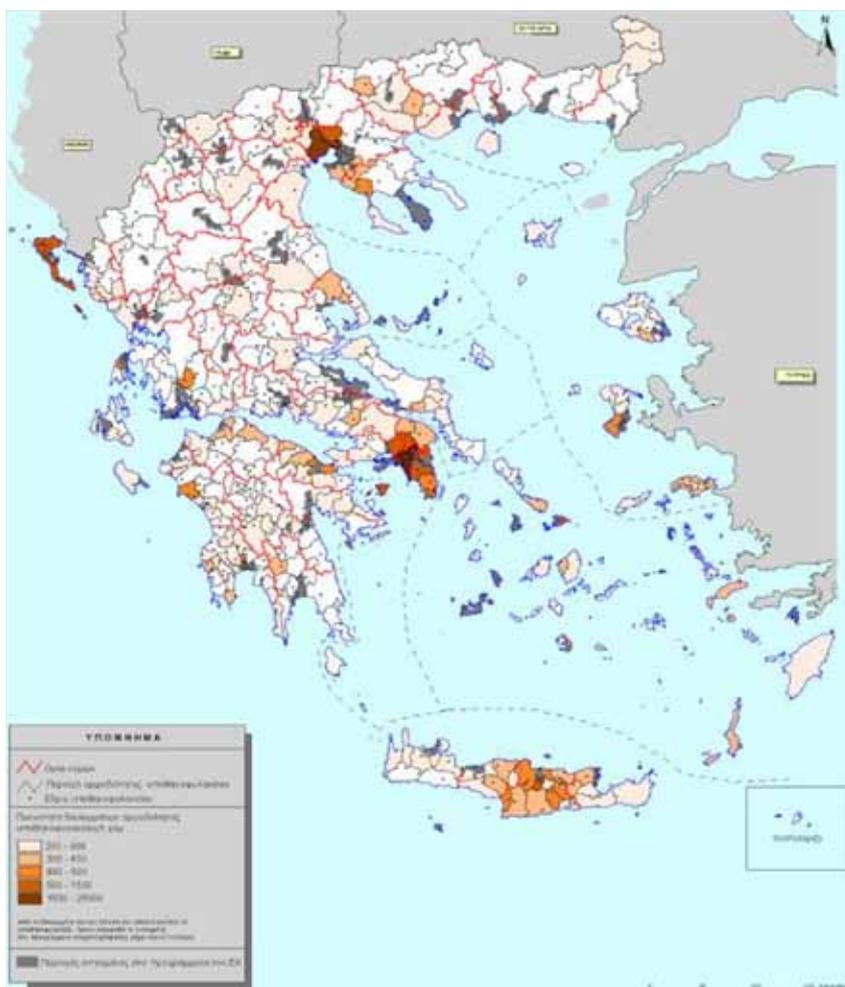


Figure 6: Map of Greece including densities of property rights © Lolonis, 2008

HISTORIC REVIEW OF LAND ADMINISTRATION, HOUSING AND REGULARIZATION. FIRST GENERATION OF INFORMAL SETTLEMENTS

Since the establishment of the new Hellenic State in 1829 the deeds System for the “Registration of Property Rights for the Transfers and Mortgages” (land registry) was established to secure land tenure and to support land development and real estate markets. After several attempts in the past, Greece began a new nation-wide cadastral project in 1995.

The first Housing Law, adopted in 1923, introduced the requirements and procedures for urban planning and implementation of city plans. It also introduced a building permit system. The objective was to control informal development due to large-scale immigration for political and social reasons, mainly the expelling of Greek residents from Asia Minor in 1923. The first General Building Code was introduced in 1929.

Additional measures like privatization and distribution of public rural and urban land to the homeless and refugees aimed to eliminate squatting on public or private land.

Since then, Greece has adopted a clear policy that allows citizens to build properties outside any planned areas as long as the development does not interfere with officially designated environmental and cultural heritage sites (e.g., forests, forest lands, coastlines, streams, archaeological sites) and meets minimum regulation requirements so that detailed planning improvements will be possible in future.

Informal development continued during the decade 1945-1955, usually at the urban fringe of major cities and towns due to a population movement seeking jobs and better living conditions after the Second World War. Several efforts were made to upgrade living conditions and agricultural production in rural areas. Many rural land consolidation projects were introduced in rural areas.

There was a lack of affordable housing, and general social and economic conditions in Greece were bad. Between 1945 and 1966 an estimated 380,000 informal houses were built around Athens and Thessaloniki. This is called the “first generation of informal settlements.” These settlements were mainly built (on rural land at the urban fringe) in contradiction to planning regulations.

The revised General Building Code adopted in 1955 legalized existing informal buildings. Subdivision of rural land was permitted. The first generation of informal settlements was created by speculators who could afford to buy large pieces of rural land at comparatively low prices on the periphery of the big cities. They legally subdivided the land into parcels (in small units of 150-200 m²), constructed private rectangular road networks within the area, and sold the parcels. Profits from such investments reached 300-1000%. However, the poor and other minorities could not afford to buy apartments or land within the planned areas, nor could they afford private apartments since rental rates exceeded their earnings.

“

Between 1945 and 1966 an estimated 380,000 informal houses were built around Athens and Thessaloniki.

”

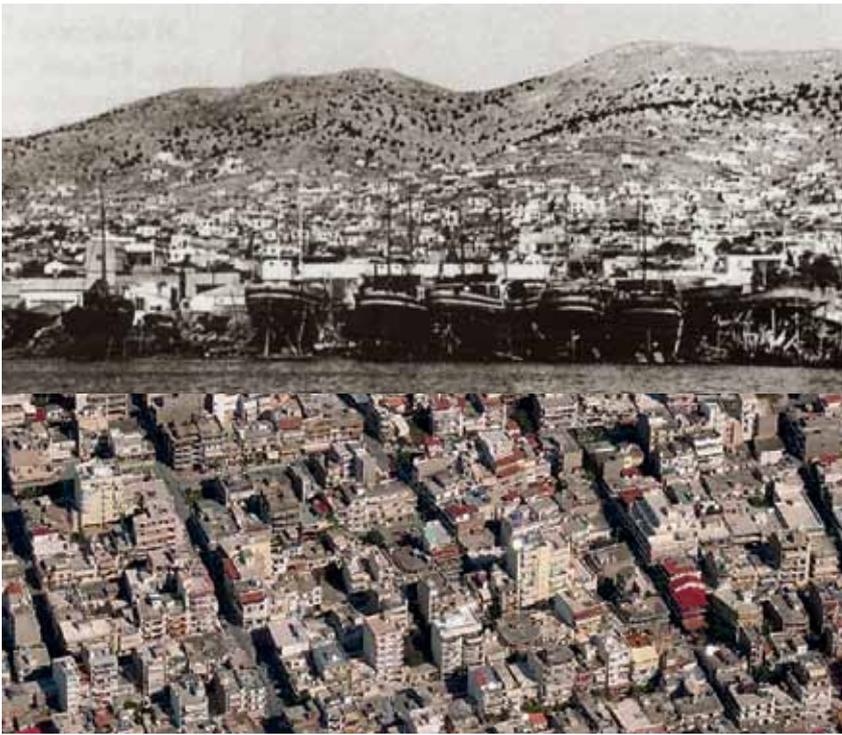


FIGURE 7: First generation of informal settlements in Perama, a neighbourhood of Pireas harbour, in early 1950's (top) and legalization and implementation of a city plan (bottom) © Municipality of Perama

Thus, low-income people proceeded to buy small parcels. Purchases of the small parcels were made legally through notaries and were recorded in the land registry. Code violations began when owners started construction on these small parcels since they had no permission to build. Their only choice was to build illegally. The paradox of the legislation was that the State could punish the poor who built homes on the parcels they bought legally, but could not punish the speculators, who originally subdivided the land also legally.

PLANNING AND ZONING REGULATIONS - CURRENT SITUATION

In recent years, Greek legislation has improved with several laws for spatial planning and urban planning and updated zoning regulations. These new laws also contained many restrictions related to land development, and protecting cultural heritage and the environment, as mentioned above.

Law 1337/1983, enacted during the socialist administration, initiated a serious effort to integrate suburban areas, with dense unplanned development, which included informal houses as well as buildings with legal permits, in a formal city plan.

The planning process is convoluted and involves a large number of government stakeholders. This slows the planning process. Urban land readjustment takes an average of 8-15 years and cost 6,000 €/hectare. Lack of funds, and delays in the urbanization process, create inflation in land values, by restricting the supply of parcels, in areas controlled by a city plan and encourages further informal development in the areas outside the plan.

“
The planning process is convoluted and involves a large number of government stakeholders.
 ”

TYPES OF CURRENT INFORMAL DEVELOPMENT

The most common informal development today relates to non-compliance with spatial and urban planning regulations, or violations of the building permits, and not to illegal tenure. A classification of the most common types of informal development is given below for a) informal development in non-planned areas, and b) informal development in planned areas.

a. Informal development on non-planned areas, mainly on legally owned agricultural land converted into housing:

- Construction of good quality on legally owned small parcels without permission, resulting from the strong demand for affordable housing mainly created by low- or middle-income families. Salaries in Greece have remained low while land values have gone extremely high and availability of new urban land is scarce.
- Construction on legally owned parcels with violation of the building permits resulting from an increased need for bigger houses.

b. Informal development on planned areas in violation of building regulations (figure 8):

- Semi-open parts of apartments in the multi-family buildings that appear on the plans are in reality converted by licensed constructors at the request of buyers, resulting from an increased need for bigger apartments (figure 8, right); 90% of the apartments built after 1985 have this problem.
- Illegal subdivisions of apartments: e.g., change of use of underground parking areas into residences, in a few dilapidated city neighbourhoods.



FIGURE 8: Illegal extensions in violation of building regulations; built up “semi-open” areas in new constructions (right) © Dimopoulou & Zentelis, 2008

Current informal development in Greece also includes:

- Slums within the city, along the main road network, or near landfill sites, created by Roma (~20,000 families) or illegal immigrants.
- Construction on legally owned land, which however is claimed by the State, mainly in areas that had once been “forest lands”, or in mountainous areas. State land is not clearly defined and supervised and this causes the State to subsequently claim many developments as being on State land after the land is classified. Land in the non-planned areas (with or without construction) may be claimed by the State, once the forest maps are compiled.
- Construction of good quality houses, on legally owned but illegally subdivided rural parcels due to increased market demand for second houses. This is not as common in Greece as it is in other Mediterranean countries.

3.2 IMPACT OF INFORMAL DEVELOPMENTS

According to a study compiled by the Hellenic Foundation for Economic and Industrial Research approximately 93,000 legal and 31,000 informal residences in Greece were constructed each year from 1991 to 2001, of which 40% are in the region of Attika. Informal buildings are not registered, so there are no reliable statistics available. The Technical Chamber of Greece estimates that there are more than one million informal developments in non-planned areas across Greece.

Most informal settlements in Greece do not suffer from lack of basic infrastructure like fresh water, grid electricity and basic road access, because local authorities upgrade the neighbourhoods periodically. Most environmental problems caused by unplanned rapid urbanization and informal development are related to an increased need for energy supply and resulting emissions, garbage management /treatment, traffic congestion, floods - due to building in flood plains, water, air and soil pollution, and difficulties in risk management (e.g., fires). Such problems might be avoided by pro-active planning and good monitoring. Problems cannot be easily controlled through urban regeneration projects in an informally developed city, and the costs to reverse environmental impacts are huge.

Strong laws and penalties on environmental protection have significantly reduced the environmental impact of informal development all over the country, especially in the coastal zones, forests and archaeological sites. However, adopting strict regulations without the mechanisms for enforcement will inevitably lead to relaxation and informal development due to rising market pressures.

Strict environmental regulations put the breaks on economic growth. The planning process moves too slow to keep up with large market demands. This hinders the real estate market and the economic development of the country.

Any investment in land with informal construction is limited since only the land may be legally mortgaged, if it is legally owned. Buildings remain 'invisible'. Even during the current compilation of the Hellenic Cadastre informal buildings (on legally owned land) are not registered. Due to several violations in the planning and building permits, it was decided that buildings will not be shown on the cadastral maps and titles. This means that even the legal single-family houses in areas within the city plans are not shown on the cadastral maps and titles.

“
Strict environmental regulations put the breaks on economic growth.
”

3.3 HOUSING POLICY, PLANNING, PRIVATE SECTOR, OPTIONS FOR SOLUTIONS

AFFORDABLE HOUSING POLICY

A public rental sector does not exist in Greece, and home ownership is the main type of tenure. Housing is expected to be delivered by the private housing market. There is no publicly-owned dwelling stock, neither by central government nor by local authorities. Currently, the only organisation that provides social housing in settlements all over Greece is the Workers Housing Organisation (OEK), a tri-party organisation operating under the

auspices of the Ministry of Employment and Social Protection, with its own financial resources. About 1500 housing units on average have been delivered annually, in recent years (figure 9). The organization subsidizes rents as well. During 2001-2005, approximately 172,000 citizens have been offered rent subsidies totaling €290 million.

“

The Ministry recognises the need to provide housing for groups with special needs and to promote urban renewal projects in deprived or degraded areas.

”



FIGURE 9: Affordable housing provided by OEK

Housing policy from 2000-2005 has been under strict fiscal and monetary constraints, which has not allowed for new initiatives.

The Ministry recognises the need to provide housing for groups with special needs and to promote urban renewal projects in deprived or degraded areas. OEK's construction activity has declined significantly in recent years. In 2004 51% of the agency's activity was construction of new houses, while in 2007 only 24% went to construction. Now, the agency's main activity is to provide subsidies for housing loans, serving as an intermediary between borrowers and banks. Banks claim that although expected by Law, very few borrowers pay these subsidies back to OEK.

Recently the Greek government has announced a radical reduction in salaries, due to the economic crisis. Statistics show that 40% of Greek borrowers face difficulty in repaying their housing loans, while 20% have problems making credit card payments.

As cities become congested and polluted, and prices of condominiums are increasing due to the lack of urban land, middle and low-income people are moving out to the non-planned rural-suburban areas, where prices are more reasonable. Road networks connecting suburbs with the main cities have been improved. Environmental conditions are better in the rural areas, and those who own land in such areas may build informal single family houses that may (if done by self-help processes) cost less than condominiums in the city's blue collar neighbourhoods.

PLANNING POLICY

Environmental aspects and constitutional constraints

Environmental protection in the Greek legislation is based on Article 24 of the current Constitution of 1975, as revised in 2001, and a series of relevant laws, judicial decisions of the Council of the State, European

Union legislation, and relevant international law and conventions (e.g., Habitat Agenda). The basic principles that rule the Council of the State decisions are:

- Any development of land which may damage the environment is not considered to be “sustainable”, and is not permitted.
- All land which has been forest or “forest lands”, which are areas of equal ecological value with forest vegetation (like areas with wild bushes and sporadic trees with canopy density above 25% of the area), as of 1945, is characterized as “forest” or “forest land” and is protected by law. All forests and forest lands are considered to be public land unless there are legal deeds or titles dating from 1884.

A coastal zone buffer defined by the shoreline and the coastal line, with a varying width depending on the winter wave line and the local topography, is considered to be common-use, public land (figure 10).



FIGURE 10: Public coastal zone is the buffer defined by the shoreline (in blue) and the coastal line (in red) © Lolonis, 2008

Procedures and responsibilities

Spatial planning is regulated by the General Regional Development Plans, which define the zoning regulations in each of the 13 regions of Greece, and the Regional Special Frameworks which define the special uses for the various sectors within the region, e.g., coastal zones, tourism, industry. Accordingly, urban planning for settlements larger than 2,000 inhabitants must be regulated by the Planning and Environmental Protection Plan, the General Urban Plan (figure 11 left), which defines land-use regulations within the defined urban areas of the municipality, and the detailed city plan (figure 11 right) for each urban area. The compilation of the regulatory plans (including their changes or extensions) is contracted to the local private sector under the responsibility of the Ministry for the Environment, Physical Planning and Public Works, with the participation of local and regional authorities.

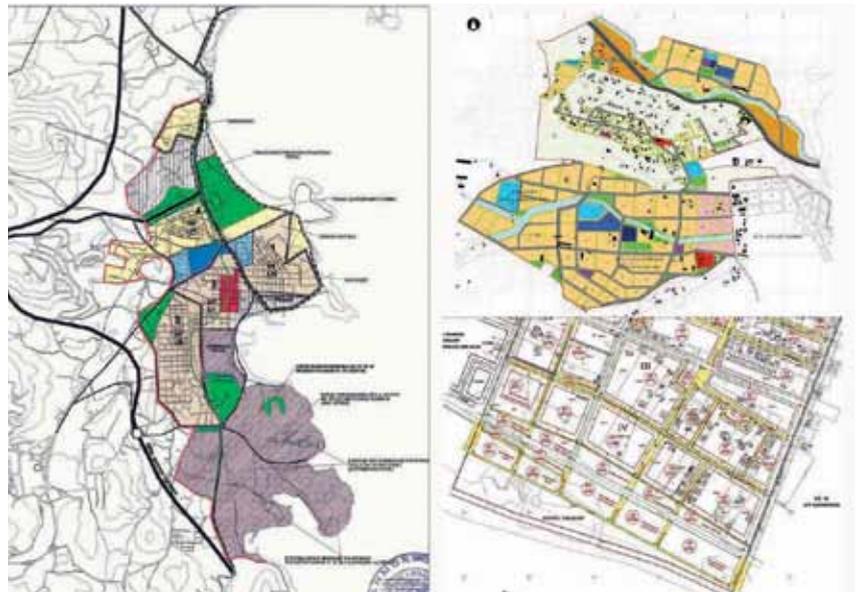


FIGURE 11: Left: General Urban Plan (Lavrio) Right: city plans (Mandra, top – Kallipoli, bottom)

The urbanization procedure requires the compilation of the Zoning for Housing Control or the General Urban Plan, the cadastral survey, the geological study, the hydrological study, the determination of forests, forest lands and archaeological sites, the city plan study, and the implementation of the city plan. As mentioned above, development is permitted under certain regulations in non-planned areas as well. Implementing a city plan in an area with unplanned development is complicated and difficult. To implement the city plan the land owners must contribute land and money. A rearrangement of the land parcels in terms of location, shape and size is required

PRIVATE SECTOR

The private sector has always been involved in land management regularisation. All the work necessary for any spatial and urban planning, the cadastral surveys, rural land consolidation projects, environmental impact studies, compilation of General Urban Plans and city plans, urban regeneration studies, are contracted by tender to the local private sector.

The weaknesses of the land management system in Greece have had a negative impact on the private sector. The State cannot provide efficient development procedures and on-site controls for occupancy permits, and responsibilities are unclear. Development regulations have not been updated while the market pressure has dramatically increased and new housing needs for larger apartments have emerged. Thus the private sector (lawyers, notaries, engineers, developers, real estate agents) turn to extra-legal practices to meet real estate market needs.

3.4 ADDRESSING INFORMAL DEVELOPMENT

ANALYSIS OF THE CHALLENGE

Because statutory environmental constraints are not clearly defined - and most important, not delineated on maps - there are considerable delays to new, or extension of existing, city plans. Greece is still struggling to build a comprehensive spatial data infrastructure. The task is difficult, complex and expensive and it demands transparency, better coordination and consistent high level political support from all political parties. Most of the costs are transferred to land owners.

Many informal developments in unplanned areas are of reasonably good quality and usually involve non-compliance as to the size of the parcel and other spatial planning restrictions, but usually have legal land tenure rights. Generally, due to the State's policy such constructions have been allowed to pay for connections to drinking water, power, and road networks, and may have illegal wells and private septic tanks for sewerage disposal.

There is no clear central and stable government policy as to when and under what criteria new urban plans and relevant infrastructure and service improvements are introduced; each government brings new policies. When new urban plans are commissioned for an area, land readjustment takes place to ensure adequate infrastructure and amenities. Owners, who will benefit from the process, are willing to be integrated into a plan and contribute land and money for the necessary improvements and services.

“

There is no clear government policy as to when and under what criteria new urban plans are introduced; each government brings new policies.

”

LEGISLATION

A mature and complex legislative framework exists in Greece to guide the classification and legalisation of informal developments. The planning laws and regulations are not clear to the citizens who must hire professionals to support the process. Legalization procedures require citizens to hire private professionals. There is a need to review and simplify these laws and procedures to make them more accessible for citizens but also to disconnect informalities related to planning and zoning violations from property registration in order to facilitate the operation of registration of property rights in the Hellenic cadastre and to support and facilitate the operation of the real estate market.

INSTITUTIONAL COORDINATION

The planning process in Greece is centralised in the State government. Over 35 different government agencies can be involved in the planning process to obtain a building permit, making the process unreasonably time consuming and costly.

There is little co-ordination among central and local authorities and among the planning authorities and the Hellenic Cadastral Agency; the result is a considerable duplication of activities. Building permits requirements need to be simplified so that development and economic growth will be encouraged and duplication of surveying activities will be avoided.

New nation-wide projects in Greece should not be forced to comply with old legislation policies and practices of the previous century. A legislative

revision should be given priority, otherwise duplication of expenses and wasted time will continue.

COMMUNICATION WITH CITIZENS

The creation of all spatial and urban plans involves significant engagement with citizens. Most plans require negotiation about regulations and permitted land-uses and/or re-arrangement of land and state ownership rights. Stakeholders may challenge the urban regeneration projects in court. Citizen, land-owners and private sector participation in the Greek planning and development procedures should be further empowered by developing new tools.

3.5 CONCLUSIONS

Greece has been dealing with poverty and the problem of informal settlements for over 80 years. Through the years several tools have been used to address the issue (Box 3.5). The combined use of such tools and regulations has had a positive impact on the environment and the general quality of settlements. However, Greece has adopted unrealistic regulations and extremely centralized and bureaucratic procedures in land management. These procedures are expensive and create serious delays. Housing and market needs are not receiving adequate support. As a result more informal development has taken place, both within planned and non-planned areas and is to some extent linked to professional malpractice of some land developers.

One of the most important challenges in Greece is the lack of collective will among all stakeholders to face reality and current development needs. Owners of informal constructions need to be able to enter the economic cycle within a short period. Existing legalization procedure is extremely long and cost consuming. There is a need to unblock the wealth invested on informal constructions by integrating the dead capital into the formal market. There is also a need to increase public and political awareness on the benefits of simplified and flexible planning, electronic land administration, and citizen participation in decision making. Legalization procedures should be simplified and enhanced. Preliminary legalization should be made by adopting simplified zoning criteria for rejection, ensuring that enough space will be left for future planning improvements; property registration should be independent from detailed city-planning. Policies should be adopted to ensure citizen's participation in the legalization process.

In Greece, as in other European countries with long-standing free market systems, private ownership rights are usually respected among citizens and awareness of the importance of good planning is increasing. The situation is different in Albania, where private ownership rights are emerging as part of an overall, significant cultural change across society. There is still lack of public trust of state control.

“

One of the most important challenges in Greece is the lack of collective will among all stakeholders...

”

BOX 3.5.: TOOLS FOR ADDRESSING INFORMAL DEVELOPMENT:

- Implementation of the land registration system for transfers and mortgages to secure property rights and facilitate access to credit and the operation of the real estate market;
- Legalization of informal houses and privatization of urban and rural land to homeless; rural reforms;
- Regularization;
- Spatial and local planning; advanced regularization;
- Legalization after up-grading and integration into urban regeneration projects; neighborhood improvements;
- Implementation of a new property registration system and issuing titles to those with demonstrated long-term occupation and use of the land in rural areas.

In both countries most informal construction is of relatively good quality and has not led to the creation of large slums that are endemic in cities across Africa and the far-east. The most important factors for characterizing most informal settlements in Albania and Greece are different and are detailed below:

In Albania: squatting and illegal occupation of private or public land; non-compliance with existing planning or building regulations / or lack of such regulations; construction of 4-5 storey buildings without permits / or illegal extensions of 1-2 stories in existing buildings. Basic services such as potable water and electricity are not provided. Squatters make their own illegal connections to the electricity grid.

In Greece: non-compliance with the spatial and urban planning regulations, such as construction without planning and/or building permits, or most likely, construction in excess of permits; construction of 1-2 storey single family houses or 1-2 room extensions beyond legal constructions. Basic services like roads, electricity, telecommunication and water supply have usually been provided. Centralized, inflexible and bureaucratic planning procedures create a big problem.

Specific conditions between the two countries vary significantly, and the extent, type and impacts of informal development in both countries are difficult to compare. There is a major difference in terms of regulations and political approaches. Greece is over-regulated while Albania is under-regulated. However, some common reasons for informal settlements in both countries can be identified:

- Rapid urbanization and the inflow of workers in search of employment.
- Market pressure, high housing cost and the increased need for affordable housing of better quality and size.
- Inefficient and complex administrative structure in land development, permits, enforcement and land administration.
- Excessive bureaucracy and lack of transparency.
- Illegal land subdivision and illegal construction on rural land.
- Insufficient, bureaucratic or out-dated planning.
- Lack of necessary reliable spatial data infrastructures.
- Lack of coordinated land-related policies and projects.

4. LESSONS

4.1 TOOLS AND METHODS USED TO FORMALIZE EXISTING INFORMAL DEVELOPMENT

The *status quo* has not been accepted by these countries and both are striving for solutions to formalise and/or reduce the future growth of informal developments. This section describes twelve lessons learned from the formalisation approaches adopted in the two countries.

1 Constitutional constraints in both systems reflect the countries' cultures but hinder the use of specific valuable tools to provide quick and/or appropriate formalization and integration of existing informal settlements. Urban regeneration projects and land readjustment procedures cannot be applied easily due to such constraints in Albania unless they are done voluntarily. Legalization of illegal constructions with excessive area floor ratios in areas with city plans or legalization without integration into a detailed city plan, may not be applied in Greece unless special recovery measures will be applied.

An appropriate legal framework must initially be established to support informal development formalisation that provides flexibility in how the regulations are applied. This legal framework should be simplified wherever possible to allow full transparency for the citizen.

2 The cost to engage with the citizens and to retrofit planning, infrastructure and social services into areas of informal development is significant and time consuming. In Greece estimated costs are €6,000 / hectare, it takes 8 – 10 years and involves 25 – 32 land related agencies.

Wherever possible, the number of land related agencies that the citizens or their representatives have to liaise with should be minimised through improved business processes or adjusted institutional arrangements. Counter measures to stop further informal development must accompany the simplified legalization process.

3 The formalisation process is best understood and implemented sustainably through local governance arrangements. In Greece, the spatial planning process is centrally controlled and ultimately approved by the Council of State. Local Governments have reduced responsibilities and powers. In Albania, a severe lack of capacity at the local level has reduced Local Governments' effective involvement.

Establish a decentralised and empowered local authority to implement the formalisation process. This will encourage more effective engagement with citizens.

4 Demolitions are a highly unpopular solution to illegal developments, but are recognised as a strong deterrent.

Use demolition only in exceptional cases, together with finding alternative land / housing for the affected residents.

5 Albania has lost a large percentage of its rich, agricultural land and its sensitive coastal zone is under constant threat from illegal developments. In Greece, a large number of the disputes over illegal developments are related to the interpretation of environmental and cultural areas due to a lack of maps that clearly define these areas.

If the environment is to be effectively safeguarded then priority must be given to the legal delineation of environmentally sensitive areas and resources with maps provided to monitor these areas for any informal development. Spatial planning laws and zoning regulations must be supported with mapping.

6 Most informal developments in Albania address the quality housing need. The real estate market has failed to provide affordable housing in Albania (UNECE, 2004); this is also common in many other countries (Augustinus, 2009). In Greece there is little social housing provided by the government.

Solutions to informal developments should ensure that affordable housing needs are included within the overall housing policy, also to include social housing.

7 Albania adopted a policy of pro-growth over the option to control development through detailed spatial planning. Although this was the correct political decision, consequently large areas of agricultural land were lost and it will be expensive to retrofit infrastructure and social services.

Designate areas for development where informal construction can be legalized and future construction can be permitted and ensure that sufficient space remains for infrastructure and civic amenities – i.e. a low level of spatial planning.

8 The self declaration approach adopted in Albania has been successful since many of the informal developments were considered ‘extra-legal’, i.e. owners would have followed formal registration and permission procedures if the land administration system had been effective and delivered services in a reasonable time. In Greece people choose the extra-legal route due to the delays in applying detailed plans.

Extra-legal informal developments should be legalised using an approach that involves self declaration.

9 The urban and spatial planning legislation in Greece is highly complex and runs to over 25,000 pages. This forms a barrier between the citizen and the planning system and forces them to employ professional services to act as intermediaries in the permission process. The complexity also increases the fluidity of interpretation of the laws, leading to obfuscation in the decision making process.

The legislation supporting spatial planning and building regulations should be presented in a way that is understandable by

citizens – this should include a spatial interface to the information provided by e-planning solutions.

10 In Greece, the spatial planning laws and general building regulations have not been updated in line with current economic development and housing policies; they are trapped in the 1970–80 timeframe. This has a considerable negative impact on the economic development of the country. There is a need to approach informal development through means of integrated land-use management.

Regular revisions of the spatial planning laws and general building regulations are required to ensure they are aligned with current related policies. Flexible planning and integrated land-use management serve the continuously changing needs better.

11 Greece has not prioritised the implementation of urban plans to expand city limits to include areas of informal development.

The land professionals should develop business cases to justify the investments in solving the informal developments across the country and use this to leverage political support. Scalable legalization fees may increase revenue which can be reinvested in affected areas.

12 Land information management is highly fragmented across the institutional stakeholders in the two countries and is not interchangeable. This limits access to, and the integration of information to support the spatial planning and legalisation process. Electronic planning solutions are not available to citizens.

Albania has adopted an open planning tool without detailed regulatory rules, and detailed land-uses and standards, as other European countries have. According to the adopted planning concept any parcel can be developed regardless of its shape and size. This is a flexible approach and allows low-income owners of small parcels to provide themselves with shelter. It tries to solve current housing needs in a short, non-bureaucratic way, without much concern for the future needs. Attention must be paid not to create extremely high urban densities that will make future planning improvements impossible.

In Greece, expensive and unrealistic penalties are imposed for environmental damage with the intent to prevent similar events in the future. The positive result has been elimination of more informal construction in protected, non-planned areas. However, imposing fees and exemption from demolition cannot be used for formalizing existing informal construction unless infrastructure improvements and integration into a plan is provided. Such informal buildings that are exempted from demolition must be integrated into the formal economy and should be transferable. If the owner of an informal building has no other residence and the building is not within protected areas it is exempted from demolition and the penalties are lower. This is a positive pro-poor policy.

Opportunity for citizen participation is provided at all levels of planning and in the development of land management tools and procedures; however, new innovative citizen participation must be encouraged. But due to a centralized planning system, lack of funds and personnel in the responsible

agencies, the urbanization process is slow and cannot keep up with current needs resulting in an increase of land values in the planned areas.

Special provisions were made for the poor through the housing policy and also during the cadastral survey procedure. In rural areas, low income people pay at most €70, no matter how many properties they own. Normally, people pay €35 per registered property. Owners of larger properties, valued over €20,000, are charged a fee of 1% of the property value above €20,000.

The countries should implement regional Spatial Data Infrastructure strategies.

4.2 HOW TO ELIMINATE THE PHENOMENON OF INFORMAL DEVELOPMENT IN THE FUTURE

1 Urban regeneration is an important tool. It involves rearrangement of parcels and ownership rights, while residents contribute land and money. Although slow and costly, this tool, in combination with affordable housing provision to the poor, has avoided marginalization and slum creation in Greece.

- **Albania should modify its legislative framework to allow for rearrangement of parcels and rights, and citizen contributions of land and money for urban regeneration projects.**
- **Citizens in both countries should be active participants and should be given the power to implement innovative funding mechanisms.**

2 In both countries, due to the States' inefficiency, there is overlap and confusion in legal rights on land. In Albania there is overlap among private rights issued by the first registration and the restitution, and private rights recognized through the legalization project. In Greece there is overlap between private rights and public rights due to unclear regulations (e.g., redefinition of forest lands) that affect long existing private claims. In both cases this creates turmoil in the real estate market.

- **Zones with overlapping legal rights on land are not unusual in countries with weak land administration systems and conflicting state land policy, which cause a loss of public trust and social instability. Such cases must be unblocked. Long existing private rights on land (formal or informal) should be recognized.**

3 Complicated general national legislation in Greece has a direct impact on the procedures for issuing territorial planning conditions and building permits.

- **Implement more realistic regulatory laws (those that can be enforced). Shorten the procedures for issuing planning and building permits to promote investment in the reconstruction, renewal and renovation of territories with informal development.**

4 Current planning procedures in Albania are flexible and owners of small land parcels are allowed to build their houses relatively quickly, which is beneficial and solves urgent housing needs rapidly - an example of good practice.

- **Allow for flexible development regulations.**
- **Unblock markets by relaxing some standards - for example the minimum site sizes.**

5 Lack of unified zoning regulations in Albania creates a system in which every development and land use is open to negotiation without consistency. In addition there is poor public participation in decision-making. On the other hand, Greece must simplify urbanization procedures and respect current market needs. Complicated procedures in Greece lead to ad hoc decisions on big construction projects.

- **Either the lack of unified zoning or the implementation of complicated detailed regulations may lead to ad hoc development decisions with limited transparency and citizen participation.**
- **Clear land-use zoning is vital for sustainable and transparent development.**

6 Zoning regulations must be realistic and must balance between private and public land development, and the private and public interests. It is expected that growing population will lead to even higher density in the urban environment of the region, in order to avoid urban sprawl.

- **Provide alternative options to meet popular housing needs and green development and avoid further informal development.**

7 Unclear distinction between private and public rights on the use of land hinders zoning and planning.

- **Improve planning support systems and apply modern tools to delineate private and public rights on maps and to facilitate sound decision making.**
- **Develop reliable tools within spatial data infrastructures. These tools include cadastral and other maps, hydrological and geological maps, definition of the public coastal zones, and maps of protected areas.**

8 Informal constructions are registered into the property registration system in Albania right after a quick legalization procedure. As legalization in Greece is a long process, informal constructions (due to violation of planning and building regulations) and the land they lie on must be registered in advance of legalization, to unblock real estate markets.

- **Give priority to property registration/records in informal settlements.**
- **Register/record informal constructions into the system, to obtain reliable information for better decision making.**

9 Laws must be improved and implementation of cadastral systems must be simplified, so that transaction costs are reduced in both countries.

- **Recognize access to property rights and ownership of land as a fundamental human right.**
- **Unblock registration, mortgage and transaction procedures.**

10 Detailed planning systems in both countries are not up-dated; in Greece the system in use involves unclear, bureaucratic and centralized procedures; in Albania the centralised, old, detailed planning system is no longer used and it needs updating.

- **Make planning more visible, public, accessible, and collaborative.**
- **Combine cadastral spatial data with digital visualization tools, and integrate these into the public process to present participants with clear choices and help them make informed planning decisions.**

11 Systematic on-site inspections in terms of new developments are not currently applied in both countries. Planning offices are not prepared to undertake such a task.

- **Apply suitable land-use controls to ensure the validity of adopted regulations.**
- **Use automated feature extraction and spatial data collection to support independent environmental monitoring, efficient urban planning, e-governance, transparency and sustainable development.**

12 Knowledge and international experience sharing must be improved in both countries. There is a need for cooperation and coordination with international organizations (including UN-agencies, FIG, World Bank, EUROGI, INSPIRE, etc) to improve harmonization of activities and lesson-sharing between countries and regions.

- **Identify best practices and workable mechanisms to improve legal empowerment and access to justice.**
- **Present results of this cooperation and coordination to governments as recommendations for reform and actions.**

13 Public policy to encourage affordable housing must be adopted in Albania and improved in Greece. Land-use control must provide for improved quality of life of residents and for the protection of property value.

While respecting private property rights, governments must:

- **Prevent the intrusion of objectionable land uses into neighbourhoods of more sensitive land uses**
- **Encourage housing opportunity for people of low and moderate income by creative, flexible, and innovative land-use regulations, and**
- **Strive to balance land use, land values, and land development**

with the end result of equitable tax revenue from real estate taxation to benefit the whole community.

14 Lack of governmental funding is a major stumbling block.

- **Cooperate with international funding agencies to raise money.**

15 Public land administration needs to be improved. Local planning authorities need to be empowered in both countries.

- **Strengthen ineffective institutions, and clarify administrative responsibilities.**
- **Coordinate and harmonize conflicting land policies.**
- **Central and local government must work together; the private sector should play a role.**

16 Corruption often follows inadequate civil service salaries and complex procedures and legislation.

- **Require full transparency of the remuneration process and more accountability of appropriately compensated civil servants.**
- **Put greater emphasis on professional education and ethics.**

17 There is a lack of confidence in land administration processes and procedures.

- **Encourage the general public to get involved in the proposed actions to foster public confidence and to reverse a general disregard for regulations.**

18 Municipalities are too dependant on funding from central government in both countries.

- **Collect land and real property taxes locally and reinvest them locally to achieve more transparency and fairness.**
- **Run campaigns to help citizens to recognize their responsibility to contribute to the cost of land improvement and the provision of services.**

19 Rapid urbanization and demographic change, globalization and emerging economic and environmental aspects create a need for specialized scientific and technical knowledge.

- **Improve university education in land law, land planning, land management and real estate markets.**
- **Develop expertise in the latest land management knowledge and techniques.**

20 There are serious problems in the operation of real estate markets created by extended informal development. There is a need to improve the real estate, land administration and planning systems of both countries.

Real estate markets require security of tenure, clear land-use regulations and restrictions, transparency in procedures, low-cost and easy access to information, integrated records and coordination among involved institutions, and fair taxation.

These potential solutions are provided for both Albania and Greece to improve their real estate, land administration and planning systems. Decision makers in many countries facing similar problems with informal development can gain something from the valuable experience and the above mentioned lessons.

THE GLOBAL LAND TOOL NETWORK

The main objective of the Global Land Tool Network (GLTN) is to contribute to poverty alleviation and the Millennium Development Goals through land reform, improved land management and security of tenure.

The Network has developed a global land partnership. Its members include international civil society organizations, international finance institutions, international research and training institutions, donors and professional bodies. It aims to take a more holistic approach to land issues and improve global land coordination in various ways. These include the establishment of a continuum of land rights, rather than a narrow focus on individual land titling, the improvement and development of pro-poor land management, as well as land tenure tools. The new approach also entails unblocking existing initiatives, helping strengthen existing land networks, assisting in the development of affordable gendered land tools useful to poverty-stricken communities, and spreading knowledge on how to implement security of tenure.

The GLTN partners, in their quest to attain the goals of poverty alleviation, better land management and security of tenure through land reform, have identified and agreed on 18 key land tools to deal with poverty and land issues at the country level across all regions. The Network partners argue that the existing lack of these tools, as well as land governance problems, are the main cause of failed implementation at scale of land policies world wide.

The GLTN is a demand driven network where many individuals and groups have come together to address this global problem. For further information, and registration, visit the GLTN web site at www.glttn.net.

ACKNOWLEDGEMENTS

Thanks to the Technical Chamber of Greece for hosting the Expert Group Meeting, contributing knowledge and experience in informal development in Greece.

Special acknowledgements to Professor Stig Enemark, Aalborg University, Department of Development and Planning, President of FIG, for providing strategic guidance in identifying rapid urbanization and informal development as a key global land use issue in supporting sustainability and achieving the Millennium Development Goals.

Contributors: Sonila Jazoj, Deputy Chief Registrar of Albania, Prof Babis Ioannidis, National Technical University of Athens, Robin McLaren, FIG Commission 3 expert, Mr Markos Fragioudakis, architect / planner, representative of the Technical Chamber of Greece, and Makis Apostolatos consultant, Ministry for the Environment Physical Planning and Public Works.

Expert Group Meeting Members: Professor Stig Enemark, Dr Clarissa Augustinus, Dr Chryssy Potsiou, Mr Flamur Kuci, Ms Sonila Jazoj, Ms Shpresa Leka, Ms Lubjana Nano, Mr Kristaq Qirko, Mr Gerasimos Apostolatos, Mr Markos Fragioudakis, Dr Panos Lolonis, and Professor Babis Ioannidis.

Peer Review: Professor Stig Enemark, FIG President, and Dr Clarissa Augustinus, Chief, Land Tenure and Property Administration Section, UN-HABITAT

To obtain the full version of this report - which includes references to the literature - please contact the Technical Chamber of Greece.

ABOUT THIS PUBLICATION

The study provides the background and objectives of the Athens workshop, then provides separate in-depth background and analysis of the informal development solutions being adopted in Albania and Greece. Following a review of just how 'pro-poor' the solutions are, the final chapter provides a series of lessons learned, many of which can be applied to other countries experiencing informal development issues.

Valuable experience with informal development, its impact on the economy and the environment, and the means to deal with it in terms of legalization, demolition, applied spatial and urban planning regulations, building permits, and the interrelationship of land-use regulations and records and property registration systems, can be derived from this in-depth study about Albania and Greece.

This study will encourage people to take up the challenge of informal development, by learning from Albania and Greece and how they have worked to solve their informal settlements.

HS/151/10E
ISBN : 978-92-1-132266-8



UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME
Shelter and Sustainable Human Settlements Development Division
Shelter Branch (UN-HABITAT)
P. O. Box 30030, Nairobi 00100, Kenya
Tel: +254 207623120; Fax: +254 207624266; Website: www.unhabitat.org



GLTN contributes to the implementation of pro-poor land policies to achieve secure land rights for all
www.glt.net



International Federation of Surveyors
Kalvebod Brygge 31-33
DK-1780 Copenhagen V, Denmark
www.fig.net



Technical Chamber of Greece
4, Nikis Str., 102 48 Athens, Greece
http://portal.tce.gr/portal/page/portal/INTER_RELATIONS/english/role