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Land Markets and e-society International Trends and the Situation in Greece

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FIG Budapest 27-29 April 2006

Workshop on e-Governance, Knowledge Management and e-Learning

Emerging Needs in Developing Land Markets

UN/ECE WPLA 2005

- Legal definitions & regulations of land ownership & rights, restrictions, obligations
- Availability of digital, interoperable, updated data sets
- Quality controls in LA systems
- Restrictions on use of the land are as important as ownership
- LA system should meet the priorities & needs of a land market
- An LA system should be transparent & accessible to all
- **Ownership, value and land use data** should be integrated
- Land taxation requires automated mass valuation methods
- Improvement of public awareness in e-government benefits & capacity building in e-society requirements

Preconditions for Land Markets in the e-Society

- Detailed legal framework for all operations
- Codification of all forms of statutory restriction
- Clear and fairly written public restrictions
- Regulations to ensure stability & transparency in transactions, low cost & easy access to the market
- Participants are: **landowners, tenants, third parties, minorities & corporate bodies**
- Clearly defined land market objects & mechanisms
- Fundamentals like credit access & stable, transparent taxation
- Environmentally sustainable land policies
- Registration of residential property should be given first priority by LA agencies, with emphasis on legalization of informal settlements
- Recognition of national and international financial structures

e- Management of Spatial LA data

- **National Government:** Support of decision-making, reduction of bureaucracy, transparency in land related public agencies, reduction of corruption and disputes, cost reduction, provision of access to information, increased investment in land; improvement of the national economy.
- **Local Government:** Improved cooperation & efficiency in spatial planning and regional development, elimination of conflict between land policies administrated centrally & locally, elimination of redundancies & addition of value to land related information, improvement of PPP models, development of services to local entrepreneurs and citizens.
- **Institutions:** Equal, easy, reliable, low-cost e-access to information for improvement of products & services.
- **Citizens:** Empowerment and promotion of democracy, transparency & social stability, facilitation of equal access to information for economic development, mobility, low cost property transfers, fair taxation, security & consistency in state land policies.

Additional Challenges

- Improvement in quality of customer oriented services
- Capacity building for improvement of employee performance
- Creation of base registers & standardized identifiers
- Alteration or simplification of the role of major participants in the land transfer process
- Modification of procedures for land & property transfer relative to new technologies
- Requirement for major institutional structural legal managerial and political changes.

LA Initiatives and the Land Market in Greece

- Privatization of land & land consolidation
- Registration of ownership rights & mortgages
- Land use maps & land use regulations
- Registration of land value, Real property taxation & mass valuation

Privatization of land & land consolidation (1)

1. 1st governmental initiative : Auction sale
2. Free privatization of state owned land to support the poor
3. Land given to individuals under agreement to improve agriculture
4. Consolidation of land by the wealthy to create large estates
5. Land expropriation & redistribution due to public objection to large estates
6. Free privatization of land to support poor and Greek immigrants

In total, free privatization includes:

- 2.2 million ha in 2,500 rural communities which created original titles **Big problem to the HC**
- 140,000 houses & 26,000 urban real estate properties to support immigrants **No problem to the HC**

Privatization of land & land consolidation (2)

7. Land consolidation to solve problem of fragmentation of rural land in order to improve agricultural production
8. Urban land consolidation to support urban planning for development and recreation

Land consolidation projects in Greece maybe classified as :

- Voluntary or obligatory,
- Rural or Urban

Rural and urban land consolidation procedures are long and laborious requiring government decision, formation of partnerships, adjudication procedures & cadastral surveys, planning, valuation, redistribution of land to members of the partnership and finally liquidation of the partnership. They create new ownership titles.

Registration of ownership rights & mortgages

- ✓ (1853) Deed system under the responsibility of the Ministry of Justice
Transfers and Mortgages Registration System: 397 offices
18 public & 379 private PPP
- ✓ (1926) Dodecanesean cadastre
Islands of *Rhodos, Cos, Leros*
- ✓ (1943) Two cadastral offices in Athens
- ✓ (1970-74) Nation wide cadastre **Unfinished**
- ✓ Several unsuccessful attempts for “specific purpose” cadastres
- ✓ (1995 -) Hellenic Cadastre project **On-going**

Problems with the Hellenic Cadastre

Significant time delay & cost increase

- Lack of reliable statistics -1991 census
urban areas >30% - legal rights >70% than those estimated
- Compilation of forest maps
- Mailing of cadastral data to the owners
- Updating & maintenance of cadastral data by the contractors during the compilation period
- Costly & time-consuming objection examination process & the thorough legal approach
- Issues related to land-use regulations & restrictions which affect land ownership and need careful decision making are still pending
e.g. unplanned development, informalities, definition of the coastal zone, etc

Major Progress of the Hellenic Cadastre 2003-2006

- ❖ Revised Operational Plan
- ❖ Decisions for Technical issues
 - HEPOS project: network of 100 GPS geodetic stations
 - True orthophotos at a scale of 1:1,000 in all urban areas
 - Orthophotos of 1:5,000 for the rest areas
 - Implementation of Internet technology?
- ❖ Decisions for digitization and integration of existing cadastral data (provided by urban or rural land consolidation & land privatization projects, the Dodecanesean Cadastre)
- ❖ Decisions for digitization & integration of current titles registered in the “Transfers and Mortgages Registration System”
- ❖ Decision for the determination of coastal zone by orthophotos and LIDAR

Major Progress of the Hellenic Cadastre 2003-2006

- ❖ Additional legislation is prepared
- ❖ 76 transitional cadastral offices are in operation
21 more must be established according to the plans
- ❖ New cadastral surveys are planned
- ❖ Remaining legislative anomalies
which have caused instability & informalities
are still under research and consideration

Remaining challenges for the Hellenic Cadastre

- More attention should be paid in supporting & serving land market
cadastre brought land market problems into light
- The operation of the dual system during the transitional compilation period creates bureaucratic delays during the transactions
- High registration fees may also affect land market negatively
- Cadastre should serve equally both the prosperity of land market participants and the state

Land use maps & land use regulations

- Complicated, old & confusing / inconsistent legislation that rules land-use rights, **seriously affects development and investment on land**
- Several authorities have interacting responsibility, **making land market processes time-consuming and insecure**
- There is serious lack of spatial planning and zoning regulations that **will rule development and serve land market**
- Despite the serious problems, land market interests are high even in areas without formal urban planning. **Serious land-use restrictions lead to extended informalities**

Since 1990's the Ministry started projects for the compilation of General Urban Planning Maps and for applying zoning regulations for the 13 prefectures of Greece

A new project *named e-urban planning* is a very positive initiative to standardize procedures and serve the land market

An example of informal operation of land market

- To serve land market, the notary must ignore the building otherwise by law the transaction cannot take place.
Even a private surveyor's plan may show only the land, without the building, in contravention of normal surveying standards
- The real estate cannot be mortgaged and further developed legally
- Owners cannot enjoy the benefits of a modern land market, but still they have to pay a registration fee for financing the HC project. The state loses considerable real estate taxation revenue in such areas
- Such extreme situations, have been “invisible” to the system until now. The HC brought these to light, but still due to the existing old legislation have to remain invisible
- This brings disappointment to the owners, banks & the state. And the HC, unfortunately develops not to be a “win-win” situation in these areas with unplanned development

Registration of vineyards & olive trees

In parallel to the HC land-use parcel recording in rural areas has been successfully accomplished by the Ministry of Agriculture

- Digital inventories

- Orthophotomaps: 1996-1997 Arable land
2000-2001 Olive tree fields 800,000 ha
vineyards 165,00 ha

- Very High Resolution satellite images:

2003 The rest of rural land

- Decision for integration of HC land-ownership spatial information system & agricultural land-use parcel system, to contribute to the Hellenic NSDI and serve land markets

Registration of Forest Lands

Unfortunately, despite several state efforts, forest land registration is still pending & its early completion is not likely

Example: The past nation-wide effort (1976) was left unfinished due to several disputes submitted to the courts
20,000 for an area of 400,000 ha

Basic causes:

- Ambitious project for an integrated recording of land-use & ownership rights in forest lands
- Very time-consuming procedures
- Inefficient technical & legal support & lack of personnel
- Focused on the area of Attika, which had already developed land market interests, and so little public acceptance.
- Judicial examination of disputes
- The state's definition of “forest lands” & accompanying restrictions affect seriously long established private rights

Registration of Forest Lands

According to the legal definition

64% of the jurisdiction is “forest lands”

most of that belongs to the state & is legally protected with heavy restrictions.

Statistics from the HC indicate that the land disputed by the state are:

- 48.3% of the total land under cadastral survey so far
- 2.5% refers to formal urban land parcels

Considerations to solve the problem:

- Slight change of the density and minimum size specifications
- Possible change of the definition of forest lands –change of national Constitution not earlier than 2008
- To allow owners of land in dispute to purchase for a price estimated as a percentage of its market value
- To legalize building informalities by applying high taxation or penalty

Registration of land value, Real property taxation & Mass valuation

- **Until 1985:** Tax values were estimated by the system of “comparative data”. Very subjective estimation, based on personal agreements, open to corruption.
- **Mass Valuation System:** Based on basic characteristics and parameters and area zone values that are updated every two years (to be made by the taxpayer)
- **1997:** Project of the Ministry of Finance to create a database with all necessary information about real estate properties
No link with the HC - No spatial reference
- **Today:** Internet services are established **1,000,000 users**
- **2006 new project:** Creation of database for the recording of 20,000,000 rights through 2,400,000 declarations (6,600,000 E)
No spatial geo-reference, based only on personal declarations of taxpayers
- Coordination with the HC has started

Conclusions (1)

- State applied restrictions on land were not in the past transparent and consistent
- Greece recently tries to create interoperable data and procedures toward coordination between land-related agencies
- Greater focus should be brought to the needs of land markets that require reliable information concerning ownership rights, actual and permitted uses, and valuation and rate of taxation
- This information must be transparent and accessible to all, recognizing that these are services by the state in support of the citizens, and that an efficiently operating land market is in a position to return significant revenue to the state

Conclusions (2)

- e-Government brings to light technical and legal inconsistencies
- Fair & equitable taxation is required as an encouragement to transactions. A healthy commerce in land generates revenue
- Good LA systems will make the state more confident to deregulate and encourage development, as it becomes easier to monitor the environment & control the land-use by e-linkages