

UNECE WPLA / FIG Guidelines for Formalization of Informal Constructions within Europe

Chryssy Potsiou (Greece) and Steven Nystrom (USA)

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SUMMARY

The economic transition in the late 1980s to early 1990s in many countries within the European and Caucasus region with state-controlled economies was followed by a major reform in the administration and management of land and real estate. Much experience has accumulated within FIG, UN and the World Bank especially in the fields of denationalization and privatization of land and real estate, provision of property titles, and establishment of modern property registration systems to make the development of property and mortgage market possible and to increase levels of transparency and accessibility of information. Many of those countries have made remarkable progress; some have gained EU membership status.

However, major political changes coupled with rapid urbanization, and often uncontrolled, massive internal migration, conflicts, marginalization, natural disasters, cumbersome authorization processes for home improvements and modernization, and corruption have been the causes of informal development. But the list of causes of informal development also includes the absence of good practice policies by the states and their failure to adopt pro-growth planning. Limited affordable housing policies, weaknesses of the private sector, the lack of political will to develop land policies which would facilitate the recognition of existing tenure and private property rights to aid the transition from centrally planned to market economies; and the failure or reluctance of state agencies to implement measures to support economic reforms also play their part in as causes of informal development. It is also important here to remember the fundamental rule that demand in real estate markets is defined both by the need but also by the desire of consumers. In general, this demand is expected to be satisfied by the private sector; the housing need of the poor is usually satisfied through social and/or affordable housing policies where the state has to set the rules and develop the necessary framework. When neither the state nor the market provides sufficient appropriate formal housing solutions for their citizens, the people turn to informal solutions to their needs as well as their

desire.

There is no simple solution to preventing and legalizing 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.

UNECE and FIG 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.

This study builds upon the experience gained from the previous research in UNECE countries and mainly deals with informal constructions of “permanent nature”, usually “well-built” that of course do not comply with the technical and planning standards and often lack of titles, but are not characterized as “slums”.

Our vision is for this guide to assist policy makers in formalizing informal development, mainly the type of informal development that is not characterized as “slums”, as and when appropriate in order to meet the Sustainable Development Goals in a timely fashion. It offers clear steps in the process, sets priorities for recognizing informal tenure rights, provision of clear ownership titles and registration, and describes the expected challenges, benefits, and rationale for how a formalization program should proceed, and what should be done before, during and after such a program. Concepts and principles of these guidelines may also be applicable on informal settlements of poorer quality and slums, always following pilot projects and considering the overall situation in terms of funding mechanisms and job opportunities available in each country. It is of vital importance that when such guidelines are applied to formalize slums additional measures should be taken in order to provide job opportunities and access to funding mechanisms in parallel with property title provision.

In addition, it should be mentioned that it is not within the concept of this guide to provide detailed assistance in eliminating the phenomenon of informal construction in the future as this requires a number of consistent and coordinated policy and regulatory reforms and is the subject of another guide; however, a general framework is also included here.

This paper deals with the terminology, provides a rationale about the impact of no formalization, the key concept underlying the need for formalization, explains why do we need guidelines and who can benefit from these, as well as how these guidelines should be used. It then describes a global process for formalization that includes the cost-analysis of the problem, the preparation of a strategy, a communication plan, and of the framework for formalization. The framework includes guidelines for the definition of the various categories of informal constructions, the preparation of

all legal and regulatory issues, the process to be followed for formalization, registration and monitoring, the penalties and fees, the involved institutions and the administration system. It also deals with the actions that should be taken in parallel and after the formalization and provides conclusions.

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