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INFORMAL SETTLEMENTS IN GREECE: THE MYSTERY OF MISSING INFORMATION AND THE DIFFICULTY OF THEIR INTEGRATION INTO A LEGAL FRAMEWORK

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5th FIG Regional Conference 2006, Accra, Ghana

Common forms of informal settlements (1)

- **“Squatting” on state-owned land and shanty construction** (Africa, Latin America, and Asia). This type of housing is extralegal from the beginning and is constructed in violation of a variety of laws. It creates slums and frequently the state authorities are in conflict with the occupiers, whenever they attempt to establish controls.
- **Purchase of agricultural land, subdivision of it into smaller parcels, and illegally conversion of the land use from agricultural into housing or industrial settlements or conversion from industrial into housing**, e.g. in Manila. In some countries the subdivision could be legal, as it was the case in Greece until 1992, in some others not. The latter results in invalid land titles; this was also the case in many Latin America countries

Common forms of informal settlements (2)

- **Construction without permission on legally owned land parcels; making “semi-legal” or illegal transactions mostly without a formal registration** (especially those related to inheritance) at the cadastre or the land registry.
- **Constructing illegal building extensions, such as to add more stories on a legal one-storey building**, which is common, for example, in Egypt due to the high taxation and bureaucracy.
- **Illegally subdividing apartments and renting or leasing them at high market prices**, which may be the case in some countries in transition, but also occurs in major cities in developed countries, where the illegally subdivided apartments are rented to immigrants.

Basic causes that lead out of the existing legal framework

- insufficient, outdated regional planning and zoning regulations,
- an old, conflicting, inconsistent, and complex legal structure,
- a lack of financing mechanisms for low-cost housing,
- special historic, political, social, and economic conditions,
- an inefficient, out-dated and complex administrative structure in land management issues,
- missing spatial information,
- unnecessary bureaucracy,
- insufficient, time consuming and conflicting mechanisms for legalization in cases of illegal settlements,
- a political reluctance to confront the situation, and
- a political reluctance to attract foreign investments.

Results from informal settlements

- outdated maps and records, lack of information, unreliable statistics,
- inefficient tools for disaster and risk management,
- anarchy, corruption,
- environmental abuse,
- inefficient basic infrastructure and utilities,
- loss of state revenue through land taxation or multiple transactions,
- no security in land tenure,
- poor and inefficient land markets,
- Impact on national economy

The role of the state and the politicians

- monitor construction of new buildings by use of new automated matching and feature extraction techniques, and the easy process for orthophoto or true orthophoto production,
- compare such products with the digital cadastral maps and cadastral or land registry data to get a reliable estimate of the size of informal settlements,
- formalize the illegalities and seek for new housing and funding mechanisms that will reduce or diminish the problem, apply simple regulations

INSTEAD OF THAT:

- politicians hesitate to undertake the risk of a political cost in trying to change the well-established situation
- apply means with a suppressive character, bureaucratic administration, complex legislation, high penalties, police inspection, which lead to more corruption

The illegalities of the state!

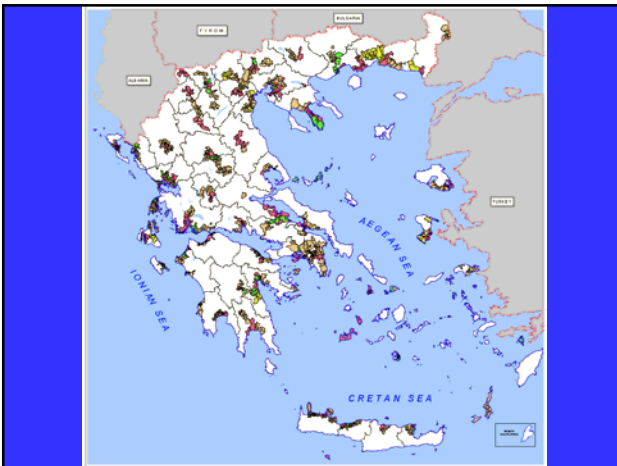
- In many cases the state ignores the existing laws in the case of public or state-owned constructions.
- Environmental and spatial planning regulations apply only to individuals while the state proceeds to the construction of public buildings, or
- gives permits to the “selected” private sector for constructions and special land uses, which are contrary to valid legal regulations and procedures .

This can be interpreted in two ways:

- the state avoids following any regulations due to extended corruption and personal interest of the politicians, or
- **the state itself understands that the existing legislation is problematic, old fashioned, time-consuming, bureaucratic and complex through several interventions, and it even puts unnecessary restrictions which burden any development and economic growth.**

The Situation in Greece and the Basic Legal Framework

- 1922 massive immigration of Greeks from Asia Minor
- internal migration from rural areas to the urban centers resulting in an urbanization of the rural land (following the World War II due to that disaster and the lack of job)
- first Housing Law was enacted by the Hellenic State in 1923, and the Law requiring building licenses prior to any construction was decreed in 1955.
- in the broader areas of Athens and Thessaloniki, are known as the “first generation of informal settlements” (1945-1955 and continued more rapidly following 1960).
- 1967-1974 a significant decrease was noticed, due to the seven year military dictatorship in Greece. During that period the procedure for acquiring a building license became a “one-day issue” (after 1974 informal construction returned)



- 1974: 45% of the population increase in the area of Attika, due to urbanization, was sheltered in 150,000 informal housing.
- 1945-1966 ~ 380,000 informal settlements were created
- 1983 approximately 60,000 ha of land, which also included large areas with informal settlements, have been under the process of legalization in Greece
- Small land parcels (of 150-200 m²) at the periphery of the cities, outside the formal urban plans, were much cheaper. Purchases were made legally through notaries and usually registered. Land development in such small parcels, where there was no formal urban plan, is not allowed, so they built simply by proceeding without a building license.

How were such small, cheap land parcels made available outside the urban plan?

- The first serious illegality was accomplished by “land entrepreneurs”, who could afford to buy large pieces of agricultural land at low prices, then illegally convert their land-use from agricultural into residential simply by constructing orthogonal road networks within the larger properties. (300-1000% profit). 1977 legalization of private roads. (**inconsistency** or **part of the rule of the free market economy** of those days?)

- **1992** the state determined by Law that further **fragmentation** of rural land was no longer to be allowed to create land parcels less than 0.4ha
- **After 1973**, by law, any building **without a license has to pay a penalty equal to its value**
- **In the year 1974**, by an additional decision, the punishment for constructing a building **without a permit is one-year imprisonment**
- new generations of informal settlements were created in areas outside formal urban plans -such as vacation houses or resorts
- **Until 2003**: several restrictions: **electricity & water supply, transactions**
- **Law 1337 in 1983** the Ministry of Environment, Physical Planning and Public Works began a serious effort to integrate suburban areas into the formal urban plans.
- **“Urban Plan Implementation Act”** : an on-going project



Informal building constructions on legally-owned land parcels

- The state encouraged the owners of informal buildings to submit declarations, the motive being “legalization”.
- 20 years after that project:
 - urban plans have been compiled for 60,000 ha
 - urban land consolidation was completed only for 45,000 ha
 - legalization process and registration was completed only in 25,000 ha

So far, 700 Presidential Decrees and Decisions have been made for this process
Average necessary time for each study: 8 years

The rest of the owners have not been able to see their houses legalized. Still those owners cannot:

- get legal building licenses
- make any developments on the buildings
- register into the Hellenic Cadastre and mortgage their properties

- Law 3212/03, allowed the provision of electricity and water supply to those informal buildings, which lie in areas under compilation of urban planning studies (deadline?)
- Approximately 12,000 such applications submitted in Chalkidiki, 13,000 in the suburbs of Athens and 6,000 on Crete island
- Law 9732/04 introduces an alternative punishment of a high financial penalty instead of demolition for those buildings made after the 31.12.2003, according to the size of illegality (unconstitutional)
- Significant increase of illegalities with buildings that lie within an urban plan and have valid building licenses
e.g. to have a license for 75 m² and to build 200 or 300m², or to change the use of a building floor from parking space into residence, or to add an additional floor to the building!



Areas under legalization process

Causes for the creation of the new generation of informal settlements

- increase in land values
- the high demand for housing
- Increase of population
- Second residence areas became primary residential areas (better environmental conditions, improvement of infrastructure, etc)
- Inefficient monitoring,
- Minimum land parcel size 4,000 m²
- Complex legislation (20,000 pages)
- Inefficient public administration (some local authorities like development in their areas)
- Time consuming procedures for obtaining the building license: >1 years to get the certificates from ~10 related agencies, plus 9 months for the license, plus the time necessary for the development study

The real size of the problem

~1,000,000 residences

- New generation of informal buildings are estimated to lie on an average land parcel size of 1,000-1500m² each
150,000 ha more should be integrated into urban plans
- 1991-2001, approximately 93,000 legal and 31,000 informal residences were constructed each year, 40% of them are in the area of Attika
- approximately 40,000 buildings without building license are build every year, 16,000 of them in the area of Attika
- This is equivalent to the size of a small town

Classification of informalities

1. Exists without a building license
2. Has any kind of excess or violation to the building license
3. Is in violation of any valid urban and spatial regulation regardless of the existence of a building license.
 - referring to urban planning regulations, e.g. permitted coverage, minimum size or shape requirements, etc,
 - referring to building construction regulations, e.g. violation of: maximum height requirements, number of permitted stories, sideline/setback distance requirements, structural materials, heating, plumbing, insulation, illumination and ventilation, common space inadequacy, balcony size, etc,
 - referring to environmental burdening, e.g. building construction on a public / state-owned land, river / stream routes, pasture land, coastal zone, archaeological areas, forest land or potential forest land, etc.

According to the motives for illegality

- illegality due to **personal interest for profit**
- illegality due to **ignorance or misunderstanding** of legislation, due to the complexity of the existing legislation **misunderstanding might frequently happen also among the responsible public employees and engineers**
- illegality due to an **urgent housing need** high land values, high housing demand, inadequate low-cost housing policy, lack of capital
- illegality due to **priority mistakes** i.e. application for a license after building a construction
- Illegality due to the **emerging need for a second house** (for vacation) in combination with the lack of state policy on this issue.

According to the locations informal settlements appear

- Informalities **within the formal urban plan** or a formal settlement
- Informal settlements **outside the formal plan** and within the broad urban plan zone or the city influence zone
- Informal settlements **within the coastal zone** **coastal zone in Greece is by Law public ownership**
- Informal settlements **outside these areas**, such as in regions of special uses, i.e. industrial use, forest land etc



Costs and Impacts to the society

- **Loss of state revenue** (taxation, building license fees, transaction fees). Also, state benefit from the added value on the land in the case of legalization and provision of infrastructure and other services
- The **state invests additional funds** for developing utility and road networks in informal settlements after integration
- The **state incurs additional expenses for the repair of possible environmental damages** in such areas
- The most important impact is the **loss of public acceptance**. The owners of illegal properties believe the state is unfair due to lack of social housing policy, while others believe the state is unfair because it does not punish the illegal!
Failure of the state to: control corruption, protect the poor, monitor environmental development
Unfairness of: inconsistent legal framework, ignoring similar illegalities of the state, no positive efforts

Informal buildings within forest land

Situation after a big fire



- Owners are forced by high demand, high land values, and complex legislation to **make a financially bad investment**
- **Properties, cannot be further developed or traded in the land market, or mortgaged**
- Owners are **financially misused by the constructors**, since they are forced to pay much higher costs for worse products.
- Owners are considered as **"second class" citizens**, so there is a significant **social impact** on them
- **Lack of basic infrastructure** : no electricity or water supply, schools, nursery schools, parks, sport installations, transportation, etc
- Where second residence areas are developed into main residences, the **land values increase but the necessary infrastructure is still missing**. Thus the dream of a middle-class Greek for a better life is unfulfilled, due to the **lack of efficient land policy**
- Even in the cases of integration into the formal urban plans, owners **cannot enjoy better environmental conditions**, since it is very difficult to improve the area after an anarchic development. Long existing land uses are legally difficult to be changed in order to obtain better living conditions in future

The Interrelation between Land Management and Land Administration

- In 1995, Greece: A Spatial Information System for a modern Cadastre
compilation of forest maps, determination of coastal line
- 10 years after: 48% of the property recorded in the system so far is claimed by the state, as "forest land", although private interests claim ownership for several decades
- Areas with younger generations of informal settlements are also recorded into the Hellenic Cadastre, illegalities are still pending
- According to TS all kind of buildings, even the small storehouses of the size of 5m² should be surveyed
- But the cadastral maps that will be delivered to the public will contain only the land parcels

valuable information will be missing

The state tries to adjust the modern cadastre into the legal framework and the practices of the previous century!

The two basic reasons for establishing a cadastre:

- first, to secure land tenure, and
- second, to serve the land market

1. **Owners cannot see a single benefit from the new modern land administration system**
2. **They are asked to pay more for its compilation**
3. **The state continues to loose land taxation revenue**
4. **All this costly effort is condemned to bring no tangible profit to the national economy**
5. **Problematic areas have no access to the modern 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
- Such extreme situations, which in fact may happen to "serve" the present land market, have been "invisible" to the system until now
- These situations have been brought to light by the Hellenic Cadastre, but still due to the old legislation have to remain invisible!
- This brings a general disappointment in the public view (owners, banks, state, etc) of the system. And the Hellenic Cadastre, unfortunately develops not to be a "win-win" situation

Conclusions - Proposals

- Greece so far has managed to deal with informal settlements **without much contrast** and social conflict between the legal and the extralegal
- Both **the state and its citizens are trapped** in an old, complex, bureaucratic, inconsistent legal framework
- A **legal reform is urgently needed** : simplify the procedures for building licenses, simplify the integration procedure into an urban plan, until then issue "informal" cadastral titles to facilitate land markets, Coordination between responsible agencies is needed
- The state must support **all its citizens**:
acquiring **easy access to a modern land market**
while **enjoying the advantages of the housing mechanisms**, and
the local and international credit system

Conditions have changed recently:

- Mechanisms for housing financing are developing due to the initiatives of both the public and the private sector
- The present historic and political situation has changed dramatically
- Greece is a member of the European Union and follows most of the new trends in economy and public administration structure
- Missing information is now accessible due to available technological means and to the on-going cadastral project
- There is a clear political interest in improving the economy and attracting investment

Modern land markets need:

A legal basis for all operations so that all dealings are safe and secure

Regulating institution that:

- ensure a stable and transparent framework within which transactions take place
- provide easy access to the market for all participants
- keep the transactions costs low
 - Participants include landowners, tenants and corporate bodies (banks, lending institutions) and representatives of those with third-party and minority rights
 - Clearly defined goods and services, such as land, buildings and mechanisms whereby these can be offered for sale or lease
 - Lending institutions, stable tax regimes and access to credit
 - Clear, consistent and environmentally sustainable land policies
- Speedy and reliable access by the public to land and property information

Greece is making a big effort to establish a modern land administration system. In order to make it successful parallel initiatives must be made to solve long lasting land management problems

- **Spatial planning and zoning regulations** for the whole jurisdiction should be given first priority
- **Equal opportunities** should be given to all citizens related to access to the land market, access to housing mechanisms and mortgage and credit systems, access to business, access to information, and so on
- **Assessed penalties should be affordable** and fair consistent with the tangible benefits

- The experience gained from Greece may be for the benefit of other countries, which face similar problems
- Avoid excessive fragmentation of agricultural land
- Legalize the informal settlements
- Create alternative mechanisms for affordable housing
- Improve spatial planning/zoning regulations
- Remove the unnecessary old and complex restrictions on land, remove unnecessary bureaucracy in building and construction,
- Focus on land use monitoring
- Update the land laws
- Improve land market, focus on the needs for that
- Provide equal access to funding opportunities, business, information, land markets
- Make cadastre a win-win situation