Formalization of informal settlements

UNECE webinar series on e-learning courses on urban resilience and SDG localisation

28 March, 2024
Formalizing informal settlements – the case of Albania

• Albanian population – 2,8 million
• Area of the country – 28,000km², 70% mountaneous
• Capital city – Tirana:
  • Population 912,000
  • Area: 1,652km²
• Number of municipalities – 61
• Area of informal settlements – 205,6 km² (2,4% of the lowland)
Formalizing Informal Settlements in Albania

• To identify policies for addressing informal settlements needs understanding of:
  
  • **Root problem**: what caused the birth of informal settlements? Can we cure them?
  
  • **Magnitude**: How big is the problem and where is it concentrated? Can we address them all? Are there priority areas and groups?
  
  • **Impacts**: how it impacts economy, social development and environment?
Roots of the problem

1. Removal of the legal barrier for population to move freely
2. Internal migration
3. Urbanization
   • Urban population in 1989 – 38%
   • Urban population in 2011 – 52%
Root of the problem

- Inability of central and local authorities to manage the urban growth
- Urban plans not adopted to new market developments
- Bureaucracy and long procedures for building permit
- Corruption
- Speculation
Structural adjustment reforms:
1. Restitution of properties
2. Land reform
3. Privatization and legalization

Different legal regime on the same plot of land:

1. Law 7698, date 15.4.1993 “On restitution and compensation of properties [...]”
3. Law 9304, date 23.10.2004 “On the legalization and urbanization of informal housing and settlements”

Source: B. Alija, 2008
Magnitude of the problem

In 2005 approx. USD 6-8 billion was the estimated value of the “dead” capital

Source: ALUIZNI
Magnitude of the problem

Housing Stock

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<tr>
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<th>1989</th>
<th>2011</th>
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<tbody>
<tr>
<td>dwellings/1000 inhabitants</td>
<td>219</td>
<td>362</td>
</tr>
<tr>
<td>Uninhabited houses</td>
<td></td>
<td>28%</td>
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<tr>
<td>Informal housing</td>
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<td>75%-90%</td>
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Age of the housing stock

- before '90: 56%
- between '90 and '01: 21%
- between '01 and '11: 22%

CENSUS 2011 and author’s estimations
History and approaches:

- Tentative for demolition
- WB project "site & services"
- WB project upgrading the informal settlements
- Community-based projects
- Community awareness/protest
- Legalization is being discussed
  - "Vienna Declaration on Informal Settlements" adopted
  - First two laws are approved:
    + No. 9209/2004 "On the legalization of additions to constructions"
    + No. 9304/2004 "On the legalization and urbanization of informal areas"
- Repeal of earlier legislation
- Approval of the new law no. 9482/2006
- Identification of informal settlements through aerial photo
- Determination of legalization deadlines related to air photo
- Informal settlements 'encouraged' by the law on legalization and by several amendments that extended the deadline for claiming legalization
Planned settlements vs. Informal development

- Essential differences between the two laws:
  - The **2004** Law provided:
    - Planning before legalization
    - Demolitions for the opening of public spaces
    - Making available land from re-parceling for those that the property was demolished
    - Price of land for legalization estimated at market values
    - Solving problems between land owners and squatters left to the parties
• ALUIZNI - Agency for Legalization, Urbanization and Integration of Informal Settlements and Buildings
  • Established in 2004, but began work as an agency after 2006
  • It operates in 12 prefectures with 21 offices
  • In 2020 ALUIZNI was integrated with Cadastral office, together with other agencies dealing with land
ALUIZNI
(Agency for the legalization and urbanization of informal buildings and settlements)

- Responsibilities of ALUIZNI:
  - It cooperates with central state bodies and units of local government for the legalization, urbanization and integration of areas / settlements / housing blocks;
  - Plans State budget funds for the legalization and urbanization of informal territories;
  - It gives permission for legalization, according to the law
  - Performs national campaign of information and raising awareness of citizens, in cooperation with the mass media at the national level;
  - Builds the database for illegal construction and performance of legalization;
  - Prepares manuals of procedures, instructions and forms
<table>
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<tr>
<th>Nr.</th>
<th>ACTIVITY</th>
<th>MONITORING INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Starting of the legalization process</td>
<td>Order of the Director for issuing the files from the archive</td>
</tr>
</tbody>
</table>
| 2   | Actual on-the field identification of informal building | a. Field ascertainment (realization of measurements).  
b. Preparation of the sketches  
c. Completion of note on ascertainement  
c. Up-dating the vectorial map |
| 3   | Identification of the legal status of the land. | Request to ZVRPP for information on the legal status (according to cadastral block) / verification of ownership documents submitted by the holder (if in possession) |
| 4   | Development of the master-plan and layout plan | a. Data entry and generation of master-plan.  
b. Approval of the master plan  
c. Drafting and signing of the layout |
| 5   | Taking decision on the qualification or not | a. Review of the building relative to the qualifying criteria  
b. Approval of the decision for qualifying/rejecting  
c. Notification of the subject on the service’s tariff |
| 6   | Adopting legalization permit before transition of ownership | a. Completion and approval of legalization permit.  
b. Application for registration of the legal mortgage and the deed in the records of real estate office  
c. Notifying the subject and handing the legalization permit  
d. Notifying the local administration for local tax payment  
d. Preparing proposal for the transfer of the right of ownership and compensation of the owners.  
d. Sending the proposal for approval at the GD  
e. Calculating and notifying the beneficiary on the financial obligation |
| 7   | Approval of the legalization permit for the transfer of the property rights | a. Completion and approval of legalization permit  
b. Request for registration of legalization permit in ZRPP  
c. Notification of the local authorities for the local tax |
| 8   | Legal hypotheca | a. Request for deletion of legal mortgage  
b. Request to the Energy Agency for verifying payments  
c. Placing restrictions on the property (as appropriate). |

Critical moments of process
Challenges in the process

• Mainly problems arising from land management:
  • Various laws define different legal regime for a parcel of land - owners overlap
  • Different institutions have information on the legal status of a property
  • Property maps available at IPRO differ with those generated by GIS and administered by ALUIZNI
• The lack of address system - information doesn’t reach the citizens
• Frequent changes of law creates confusion in responsibilities and procedures
Area of Informal Zones (in ha), according Decree of NTC no. 2/2015
Impact of legalization/privatization
(squatted state-owned properties)

ex-industrial site - squatted

after privatization – self-help
Impact of legalization policy

LAW No. 9482, dated 3.4.2006 On the legalization, urbanization and integration of buildings without permission – **legalization** of all buildings erected before the entrance in force of the law

Law no. 10 219, dated 14.2.2010 is the **fifth amendments** to the law of 2006; Article 2.1 doesn’t change the formulation as above, which can be interpreted as the deadline for legalization is extended

Law 50/2014 **extends the deadline to 2009**, while Law 65/2015 is the ninth amendment of the law, which **extends the deadline until 27.6.2014**
More policy solutions

• Property registration and modernization of Cadastral office
• Legalization, urbanization and improvement of informal developed neighborhoods
• Urban plan for 61 municipalities
• Control on the territory
• Social purpose housing programs
Thank you