



## ***Sustainable Real Estate Markets Policy Framework and Reforms***

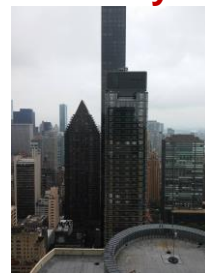
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Geoconference on Cadastre 4.0  
Transparency, Participation, Collaboration  
24-28 October 2016, Coimbra, Portugal

## **Real Estate plays an integral role in the economy of countries**

- Real estate *construction* is a significant component of a country's GDP
- *Labor intensive* -Creates *spaces of job* and is a great source of *revenue* for millions
- A drop in real estate construction has a big contribution to the recession's high unemployment rates
- Construction is the only part measured by GDP, but a *decline in real estate sales* leads to a *decline of real estate prices* and this eventually lowers the value of *all homes* (whether for sale or not). This *affects mortgage finance* and leads to a *cut back in consumer spending*
- A reduction in consumer spending contributes to a *downward spiral in the economy*



FIG

**Poorly-regulated, “frontier”, “informal” real estate markets lack *reliable information* & “relationships” matter more than rules!**

Part of what we, the Land Surveyors, are doing, is trying to:

- Make rules more important
- Provide the appropriate geospatial information for sound decision-making
- **Reliably, affordably** and **timely** (FFP)



FIG

Real estate as a pillar for poverty reduction:  
**FIG: security of tenure & property registration**

- The empowerment of *private property rights*
- Implementation of these rights
- Registration of property rights
  - *Provide secure ownership to land and real property, and*
  - *Support the operations of the property market (integrated, fast, reliable, low-cost, automated, open)*





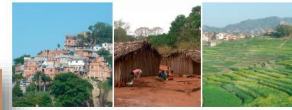
## Security of Tenure, property registration: the role of Surveyors

- Value of cadastre for a national economy
- Most developing countries have less than 30% cadastral coverage
- Innovative, fit-for-purpose universal parcel recordation

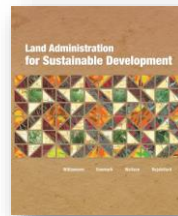


FIG GUIDE

### Fit-For-Purpose Land Administration



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## Efficiency of Land Register & Cadastre

- Compilation of cadastre
- Transactions costs, time?
- Transparency
- Open access to data?



CADASTRE 2014 and Beyond

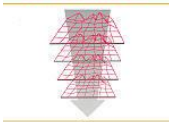


FIG GUIDE

Fit-For-Purpose Land Administration



Property Taxation for Developing Economies



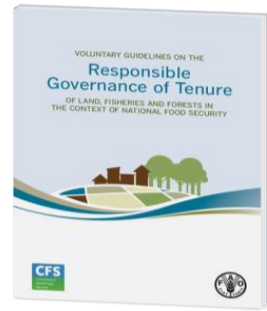
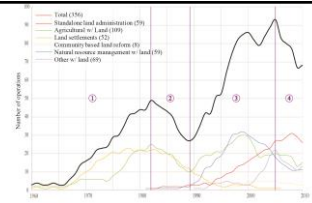
FIG Commission on Migration and the Management of Rural Land





## WB and FAO activity

- The WB has financed land tenure projects for more than half a century
- FAO gave *strategic priority to the security of tenure*
- The VG on The Responsible Governance of Tenure
- *FIG/WB Agreement for additional cooperation on “real estate markets” to ensure that property markets work for everyone! Investors, the middle class and the poor!*



## Unclear Regulatory Frameworks in RE sector are among the main causes of the economic crisis

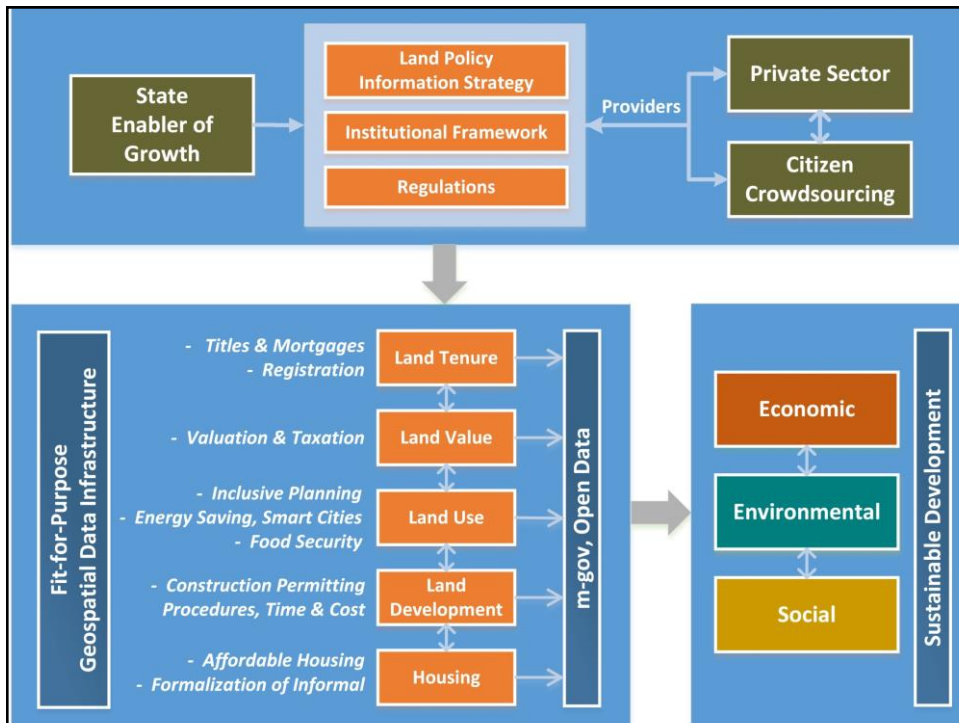
What is a F-F-P Policy Framework for sustainable real estate markets?

- The role of:
  - State from **provider to enabler** of growth
  - Private sector / Professionals / People
- Geospatial information registration about:
  - Ownership, Value, Use
- F-F-P Geospatial Infrastructures to serve the market
  - Data collection
  - Structuring/modelling/standardization/Visualization
  - Retrieval and dissemination of information /products
- F-F-P procedures for Formalization / Regularization:
  - Transactions / mortgages
  - Planning / Development permitting
  - Formalization & improvement of informal real estate
  - Affordable Housing provision, social housing
  - Harmonization of Property Valuation / Taxation



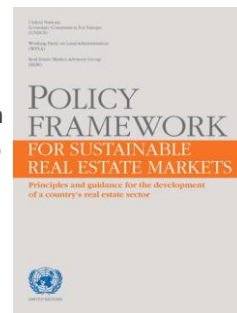
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## UNECE Principles for Sustainable Real Estate Markets

- **Security of Tenure**-Efficient Land Register/cadaster
- Integrated Legal Framework (land use planning, judicial system & alternative dispute resolution, **credit/mortgage rights security**, construction permitting, clear information about the **protected** real estate)
- Efficiency of services, **standards**, ethics, best practices
- Conversion of “dead”, unused or underused real estate into **productive** capital (best use of land)
- Good governance (costs /**access to market data**), Transparency
- Sustainable financing (access to credit / microfinance)
- Property Valuation (standards) & Taxation Stability / Fairness
- Planning for **Affordable / social Housing**
- **Training** & Professional Capacity Development



# FIG Formalizing the Informal

- Many in the UNECE region live in informal settlements
- housing is not only a shelter but a *tool to create wealth*
- Unclear property rights & use regulations cause “*uncertainty*”, “*economic exclusion*” and “*social unrest*”

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE  
INTERNATIONAL FEDERATION OF SURVEYORS

## Formalizing the Informal

Challenges and Opportunities of Informal Settlements in South-East Europe



## Why is it important to formalize?

- Provides ownership titles, allows property registration **security of tenure**
- **Allows access to credit**, stimulates the mortgage market
- Transforms the “dead” capital into productive, enables stability & green **improvements**, creates **job spaces**
- Stimulates real estate market, enables transactions, **creates revenue**
- Increases municipal **tax revenue**, that maybe **re-invested** in the area

## What is a F-F-P formalization?

- Provide priority to property titles (inclusively) and F-F-P registration
- Use modern technology for that (affordably, reliably, timely!)
- Allow for transactions and mortgages
- Allow flexible procedures for improvements of informal real estate, provide incentives!
- Adopt flexible planning and permitting system to avoid the phenomenon in future
- Plan for affordable housing



## Why is investment in RE in Greece unprofitable ?

Since 2008 Greek economy is in economic decline

Residential & commercial RE prices are in free fall, but transactions decline dramatically;

No buyer interest; Consumption ability of Greeks is reduced (~30% below poverty), ownership is a burden, 33% NPLs (2015), No significant foreign investment in RE

## Legal Reforms during the Crisis

During 2012-2014: **283 new laws**, of them **16 are most relevant**

Introducing a "New way" for:

1. Spatial planning for public (2011) and private land (2013) for *Strategic investments*
2. Management of *state rural land*, regularization of property rights (2012)
3. *Building Code* (2012); testing an *e-construction permitting* (2011); *energy performance* of buildings (2013)
4. Establishing & regulating the profession of *Appraisers* (2012, 2013); the profession of *Mediators* (2010)



## More Legal Reforms

5. Improving the National *Cadastre* in terms of administrative responsibilities & operation (2013)
6. *Formalization of informal* development (2009, 2010, 2011, 2013);(2016)!
7. The scheme for organized & *complex tourism developments* (2013);
8. Uniform *annual Real Property Tax* (ENFIA) & an additional property tax (2014), changing every year!
9. The code of *immigration & social inclusion* (2014); provision of residence permits to non EU residents by purchase of RE for a min of 250,000 Euros (China, Russia, Egypt, 67M Euro invested)
10. Land-use & urban planning reform (2014) regulating *19 land-use types & introducing the 2020 digital strategy*: the boundary lines of all legislative restrictions to be in a geospatial database
11. New *master plan of Athens* (2014) foresees development until 2021
12. Private planning & environmental upgrade (2014) for areas > 5ha; regulations of forest law for the *establishment of a Land Bank to enable land exchange* incentives for abandoned village regeneration
13. Improvement of the urbanization law (2014)

## weaknesses

Weaknesses of formalization:  
Insecure: unproven as to its Constitutionality  
Temporary: formalization max for 30 years  
Expensive to the owners: fees are ~1/3 of the construction costs  
Not inclusive: some large categories of residential real estate are still not included & not affordable to all  
Result: 3B Euros annual GDP loss

Planning reforms are still conservative, not “pro-growth”  
Further improvements are needed  
Since 2011 only 2 strategic investments on public land and 2 strategic investments on private land have been ratified

## FIG Our Vision

- We *think ahead*, predict future changes, *foresee the requirements of the next generation of the public and structure the way ahead*
- working at local level with an understanding of global issues, capable of contributing to an ambitious 2030 Global Sustainable Development Agenda

