

UDC: 711.4(4-11)+(4-13)

DOI: 10.5379/urbani-izziv-en-2010-21-02-001

Sasha TSENKOVA

## Informal settlements in post-communist cities: Diversity factors and patterns

In some post-communist cities, the formation of informal settlements is a phenomenon associated with the wave of urbanisation of the 1960s and 1970s. In others, the phenomenon is connected with the influx of immigrants and refugees in the 1990s. Informal settlement areas are the result of various factors: inadequate spatial planning, outdated and complex legislation, housing policies that do not ensure the provision of affordable housing and outdated public administration structures. Illegal construction practices in urban areas, often due to the lack of a clear system of property rights and urban poverty, have created significant challenges in many cities such as Tirana, Belgrade, Tbilisi and Bucharest. This paper presents a typology of informal settlements in post-communist cities and discusses the interrelated economic, social and environmental challenges associated with this phenomenon. Various types of informal settlements, as well as the evolution of those types, demonstrate the complexity of the problem as well as the need to develop contextually sensitive and diverse solutions. This study presents the emerging related policy responses, including legalisation and inclusion in formal urban planning, the provision

of essential social services (e.g., schools and medical clinics), the construction of technical infrastructure (e.g., safe roads, public transit, water and sewage systems) and resettlement programmes as part of social housing. Although these solutions represent various aspects of the policy continuum, they also require significant political will and the financial commitment of central and local institutions to ensure effective implementation.

**Keywords:** post-communist cities, informal settlements, urban poverty, housing affordability, policy responses

## 1 Introduction

In some post-communist cities, the formation of informal settlements is a phenomenon associated with the wave of urbanisation in the 1960s and 1970s. In others, the phenomenon is connected with the influx of immigrants and refugees in the 1990s. Individuals searching for diverse economic opportunities in rapidly expanding post-communist cities have often chosen to settle in peri-urban areas. This ad hoc response to rapid urbanisation is different from the “first generation” of informal settlements that formed during communism because the current examples do not necessarily exhibit the characteristics of slums. On the contrary, these areas may be inhabited by middle class families, and they may consist of good-quality housing construction, often built on privately owned land. The informal nature of these settlements is associated with the lack of formal urban planning and/or building permits. Informal settlements are the result of various factors: inadequate spatial planning, outdated and complex legislation, inadequate housing policy and outdated public administration structures.

The new informal settlement formation is often driven by poverty and social exclusion. Growing urban poverty in some post-communist cities is manifested in the “second generation” of informal settlements, concentrated in the peri-urban areas of large cities as well as inner-city ghettos. The wars in the Balkans, followed by a refugee crisis and an influx of internally displaced people, has further aggravated the situation. The practices of illegal construction in urban areas, often due to a lack of a clear system of property rights or the lack of enforcement of existing planning regulations, have created significant challenges in many cities such as Tirana, Belgrade, Tbilisi and Bucharest.

This paper presents a typology of informal settlements in post-communist cities and discusses the interrelated economic, social and environmental challenges associated with this phenomenon. The focus here is on post-communist cities in southeast Europe, where various types of informal settlements, as well as the evolution of those types, demonstrate the complexity of the problem as well as the need to develop contextually sensitive and diverse solutions. This study presents an overview of emerging related policy responses, including legalisation and inclusion in formal urban planning, the provision of essential social services (e.g., schools and medical clinics), the construction of technical infrastructure (e.g., safe roads, public transit, and water and sewage systems) and resettlement programmes as part of social housing. Although these solutions illustrate various aspects of the policy continuum, they also require significant political will and the financial commitment of central and local state institutions. The argument developed here is that it is important to go beyond orthodox planning and land

title/registration solutions in order to improve the housing conditions of the urban poor. Their situation is aggravated by systemic problems in the market-based housing-provision systems, exacerbating housing inequalities and resulting in the creation of informal settlements.

## 2 Informal housing and informal settlements in southeast Europe

Informal housing in post-communist Europe has often been reviewed within the context of informal settlements, recognising that this phenomenon has grown significantly and now shapes much of the urban landscape in many countries. *The Vienna Declaration on National Regional Policy and Programmes on Informal Settlements in South Eastern Europe* provides the following definition: “Human settlements, which for a variety of reasons do not meet requirements for legal recognition (and have been constructed without respecting formal procedures of legal ownership, transfer of ownership, as well as construction and urban planning regulations), exist in their respective countries and hamper economic development. While there is significant regional diversity in terms of their manifestation, these settlements are mainly characterised by informal or insecure land tenure, inadequate access to basic services, both social and physical infrastructure and housing finance” (Ministerial Conference on Informal Settlements in South Eastern Europe, 2004: 1).

Although there are various types of informal housing, many definitions emphasise the informal nature of residency and non-compliance with land-use plans as the main characteristics. Other characteristics of informal housing include the following (United Nations Human Settlements Programmes (UN-HABITAT), 2003; Payne & Majale, 2004):

- Lack of secure ownership;
- Lack of basic services;
- Housing that violates city bylaws;
- Housing built on land not owned by the housing owner;
- Inadequate access to basic public services;
- Substandard housing or illegal and inadequate building structures;
- The illegal subdivision of settlements;
- Poverty and social exclusion;
- Unhealthy and hazardous living conditions

The housing policy debate insistently refers to the informal and illegal nature of these settlements. References to their illegality primarily refer to nonconformity with planning and construction norms and, most importantly, to questions of ownership. Residents of informal settlements often lack legal rights

to the land and/or houses and are subject to eviction. Their vulnerability is exacerbated by housing inadequacies and limited access to services, transportation, education and healthcare, all resulting from physical and legal marginalisation from the formal city structure. These trends can be observed in Albania, Macedonia, Croatia, Montenegro and Serbia.

A misconception exists that informal housing equates with slum dwellings. It is true that in many areas its manifestations invoke images of poverty, exclusion and despair, but there are certainly examples where this is not the case. Although many informal settlements lack secure ownership rights, some consist of good-quality housing and infrastructure. In other cases, the construction has been carried out in violation of building codes and zoning regulations by the relatively affluent residents and speculative homebuilders.

### 3 Spatial manifestation and formation processes

The history and evolution of informal settlements in southeast Europe is diverse and varied in terms of standard of living (from slums to luxurious residences), location (from suburbs to city centres and protected areas) and size (from several small units to settlements of over 50,000 residents). Among other reasons, the flow of migrants from rural areas and the influx of refugees and internally displaced people have contributed to illegal and sporadic construction in larger cities. Apart from addressing urgent housing needs, illegal real estate investments have been used by many as a “shield” against instability and hyperinflation. A number of characteristics can be used to identify types of informal settlements: size, location, resident profiles and spatial organisation. Despite a wide range of spatial phenomena, the literature suggests that there are several major types:

1. Squatter settlements on public or private land;
2. Settlements for refugees and vulnerable people;
3. Improved squatter settlements;
4. Illegal suburban subdivisions on private or public land.

#### 3.1 Squatter settlements

One of the most enduring manifestations of informal housing is squatter housing. It is built by residents of illegally occupied land. Such squatter settlements in the post-communist countries of former Yugoslavia were established in the 1970s and 1980s. In Albania, they have a much more recent origin: the early 1990s. The settlements are primarily the result of rapid movement to cities due to migration and changes in urban economies, but they are also the result of a gradual process of occupation and incremental growth. Located in peri-urban

areas and on public or private land, these settlements have grown to become municipalities in their own right, now housing hundreds of thousands of people. Although their initial development may have been the result of the authorities turning a blind eye, particularly during the immediate post-communist influx of migrants into the cities, today their scale presents a severe problem. For example, Albania’s informal settlements contain up to a quarter of the population of major cities, and those settlements represent 40% of the built-up area. In Macedonia, they are home to 11% of the population of the 14 largest cities. In Belgrade, informal settlements are a dark mosaic marking the city’s structure (Figure 1) and represent up to 40% of the residential area.

In addition to the large peri-urban squatter settlements, there are many other examples of informal housing built illegally un-

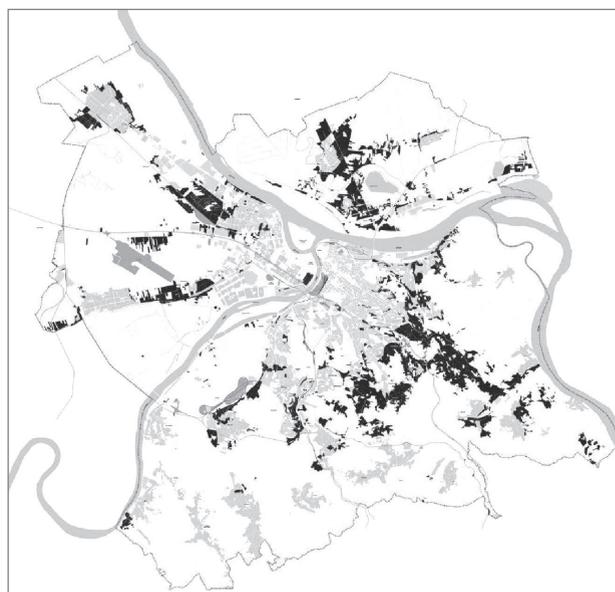


Figure 1: Informal settlements in Belgrade (source: UN-HABITAT, 2006).



Figure 2: Slums and informal housing in Skopje (photo: Sasha Tsenkova).

der bridges and overpasses and on vacant plots of land close to industrial zones, railway stations, steep riverbanks and landfill sites. This land, whether public or private, is unstable or unsuitable for urban development and has no access to essential infrastructure and services. These marginal squatter settlements are often makeshift, built with temporary materials (Figure 2), and residents often face the threat of eviction and/or demolition of their homes. The locations and conditions are extremely diverse, but it is more important to recognise the exclusion that these residents often face. Roma communities in Serbia, Bulgaria and Romania, living in *mahalas* dating back to the nineteenth century, are unfortunate examples of this situation (Belgrade Urban Planning Institute, 2003a; Slaev, 2007).

### 3.2 Settlements for vulnerable groups

The informal settlements that were recently developed by refugees and internally displaced people across the region are often similar to the squatter type, but some have been established with the permission of the state or municipality as a temporary, rapid response to a major crisis such as the war-related conflicts of the 1990s. These settlements, although more recently constructed, often have extremely poor conditions with shacks built of recycled materials, plastic sheets, cardboard and leftover construction materials. In some of these settlements, residents were expected to be there for only a short time before relocation to camps or collective centres was to be provided, but this turned out to be a more permanent solution, even attracting more people to the original group. These slums, with limited access to essential services, are generally found in the urban periphery, in pockets of marginal land or close to collective centres for refugees (Internal Displacement Monitoring Centre, 2007).

### 3.3 Improved squatter settlements

Within the context of informal housing across the region, there are a great variety of settlement patterns and historical circumstances. Some that started as squatter settlements in peri-urban areas in the 1970s have evolved into more established neighbourhoods. Skopje, for example, has 27 illegally built neighbourhoods dating back to the earthquake in the 1960s. The legal status of these settlements is also varied: most begin with illegal occupation of land, but over time some have acquired legal ownership rights (e.g., in Serbia and Macedonia).

Over time, *de facto* legality has been implied in some cases by the fact that the settlements have not been demolished, and that some infrastructure, such as piped water, electricity and sewage systems, has been provided. There are examples in which these settlements were included in the city plans, as in

the case of Kaluđerica (Box 1). This has enabled some of the more established settlements to develop rapidly, with residents investing in their homes and improving the local environment. The improved settlements are often vibrant neighbourhoods with a viable rental and homeownership market.

---

#### Box 1: Improved informal settlements: Kaluđerica

Kaluđerica is one of the fastest-growing settlements in Serbia and arguably the largest village in the Balkans. Located just 8 km from Belgrade, it has grown rapidly together with the city since the 1980s, when it was home to 12,000 people. Its population today is estimated at 50,000 with the influx of refugees from Bosnia-Herzegovina, Croatia and Kosovo. Although officially classified as a rural settlement, five times the size of its municipal seat Grocka, Kaluđerica is a city built by its residents in an informal manner. Most of the houses do not have a building permit, but the residents own the land and it might be even registered in the land registry. Over time, people have negotiated connections to infrastructure, built roads and arranged for services by Belgrade's City Public Transportation Company and Telekom of Serbia.

Source: Belgrade Urban Planning Institute (2003b)

---

### 3.4 Illegal subdivisions

Some of the informal settlements in the region are not poor-quality, under-serviced housing areas. Residents in these settlements often possess the title to the land, but the housing is built without a planning and/or building permit. Unauthorised land developments and illegal subdivisions are widespread on the fringes of cities in southeast Europe. Illegal subdivisions refer to settlements where agricultural land has been subdivided and sold by its legal owner to people that then build their homes there.<sup>[1]</sup> Peri-urban land is thus transformed for urban use by landowners without any official planning permits and licenses. In some countries, the process has been used by homebuilders to provide housing for middle-class families. The example in Box 2 illustrates this process in Romania. The settlements are illegal because they may violate zoning regulations, the infrastructure standard is low and often the land subdivision does not meet planning standards for right-of-way, road access and the provision of public spaces.

---

#### Box 2: Illegal subdivision transformed into a suburb: Pitești

The illegal subdivision in the city of Pitești, Romania, emerged very quickly following the denationalisation of agricultural land on the outskirts. The new owners quickly subdivided the 4.1 hectares of land conveniently located next to a housing estate with 5,000 flats and a protected forest. The new owners, mostly residents from the multifamily housing in the estate, took possession of over 300 plots of land and started to build their dream homes. Today, close to 105 new houses in various stages of construction have a mix of urban and rural lifestyle. Within a few years the area was included in the

municipal boundaries with a hastily approved zoning and planning regime resulting in higher land prices. Residents provided private roads, which take up only 9% of the land, connected their land to electricity on the basis of cost recovery, and arranged for piped water supply and septic tanks. They even managed to pool resources to provide gas, but still use the public social infrastructure in the neighbouring housing estate.

Source: Soaita (2007)

Another phenomenon of illegal subdivisions across the region is informal housing in recreation zones and coastal areas. This problem is prevalent in Albania, Croatia, Montenegro and to some extent in Bulgaria, where such responses are often driven by potential profits and speculative investment in a growing market of secondary homes rather than housing need. These settlements can be low-density settlements in rural areas with good quality construction but a low level of services. Sometimes these settlements take over amenity land that is not officially zoned for development and the problems become significant as the settlement grows larger and denser.

### 3.5 Location and size

Informal settlements tend to cluster in two very broad types of locations: inner-city and peri-urban areas. City centre locations are often older, more established formations, close to the old city or its industrial zones. The residents benefit from the proximity of employment opportunities but often inhabit sub-standard housing on sites that are exposed to environmental and health risks. Those sites are normally unfit for urban development. In most cases, informal settlements, especially large-scale formations, concentrate in the periphery because land values tend to be lower. These can be squatter settlements on public land or illegal subdivisions outside of urban/municipal boundaries. The quality and standards of housing are generally better and illegal connections to existing infrastructure sometimes ensure much-needed electricity and water. Residents of these settlements are relatively effective in resisting attempts to demolish their homes or be relocated. Table 1 summarises major types of informal housing with references to location and quality of the settlements.

**Table 1:** Informal settlement types in southeast Europe.

	Inner city	Peri-urban	Substandard/slums	Relatively good quality
Squatter settlements on public or private land	x	x	x	
Settlements for refugees and vulnerable people	x		x	
Improved squatter settlements	x	x		x
Illegal suburban subdivisions on private or public land		x		x

## 4 The economic, social and environmental challenges of informal housing

Addressing the problems of informal housing requires a broader understanding of the driving forces contributing to its growth as well as recognition of its interrelated economic, social and environmental challenges. The countries in this region that are experiencing informal settlement growth are grappling with the same set of systemic problems related to the lack of access to affordable housing, inefficient planning and land management systems, and growing urban poverty. A common element in this process is the combined effect of economic transformation and war-related conflicts, which has provoked a sudden acceleration of urban migration and the proliferation of informal settlements. Central and local governments were largely unprepared to face the pressures placed upon land, housing and services. Fifteen years after the conflicts, informal housing now covers large tracts of peri-urban land, being the home of both socially vulnerable groups and relatively wealthy migrants. As stated by Bjoern Gabriel (2007: 5), “This is not simply an ‘urban planning problem’, but a rather more complex and intractable phenomenon which, unless rapidly and efficiently addressed, may threaten the long-term sustainability of urban communities.”

Within the context of economic and political liberalisation and accompanied by a concentration of poor and disadvantaged groups in cities, the explosive growth of informal housing in peri-urban areas needs to be addressed. There is widespread agreement that resolving the “urban problem” of informal settlements is related to the nexus of improved access to affordable land and housing as well the creation of efficient planning regimes. A study by the World Bank (2007) regarding informal settlements in transition economies succinctly summarises these issues (Box 3).

### Box 3: Planning and land management constraints

The analytical and project work of the World Bank in a number of countries in the region points to the following common factors that influence informal settlement:

- The absence of a recent “regulatory plan” (land-use plan) and

approved local regulations for land use. Plans may be outdated or incomplete. Many specifications such as setbacks, width of major roads, floor area ratio and maximum heights may have to be negotiated project by project. This practice increases the cost of construction by causing lengthy delays and creates the impression of arbitrariness and opportunities for corruption. If the process is lengthy and unclear, many citizens may not have the knowledge, time or funds to follow the procedures.

- The lack of funded municipal programs to build primary infrastructure. Without the benefit of current infrastructure network plans, developers are obliged to build and finance their own off-site links between their units and the existing network, or extensions of the network. This leads to fragmentation of the system, making it uneconomical and expensive to maintain. Individuals may have no access to infrastructure or may “buy” illegal hook-ups.
- The difficulty of acquiring undeveloped land, officially and legally, for construction. Most vacant land around cities is either encumbered by disputes over title or claims for restitution, or belongs to the government and is therefore not on the market. The ability of developers and individuals to find out about available land is hampered by incomplete records and multiple agencies/ministries responsible.
- High transaction costs in the formal sector, complex processes and unresponsive institutions. In many countries the costs – in time, money and number of offices visited – to formally construct and register a building are substantial. Again, lengthy and confusing processes may “encourage” the informal sector, and the absence of strong enforcement by the responsible agencies also contributes.

Source: World Bank (2007: 3).

In addition to the significant constraints imposed by inefficient planning regimes and land registration and management systems, the housing systems in southeast Europe suffer from imbalances caused by the lack of rental production (public or private) for low income households, the spiralling cost of urban land and housing in growth areas, and limited support for vulnerable groups (e.g., the elderly, displaced populations, minority groups and the socially disadvantaged) to access housing of decent quality. Therefore, it is not surprising that in some urban areas experiencing rapid growth the share of inadequately housed low-income residents is increasing and/or those residents are tending to house themselves either completely informally or through informal contractors working outside of the legal and planning framework.

#### 4.1 Economic challenges

Research indicates that there is a growing acceptance of the “informal city” in most countries in the region, but the economic and social challenges have largely been underestimated (Gabriel, 2007; Tsenkova, 2008). The rapid growth of the “informal city” has only grudgingly been recognised as the largest economic challenge that local governments and cities must face.

In economic terms, informal settlements involve significant public and private investments that remain outside of the formal economy and investment cycles (De Soto, 2003). In addition, they are associated with significant public sector costs, explicit and implicit. Settlements often take over public land, shifting the cost burden to local governments and public institutions. The land, often developed in a sporadic manner through single-family housing, is underexploited due to the low-density sprawling pattern of housing. Informal settlements also impact the government’s ability to manage and plan for land usage because the settlement residents illegally occupy parkland, former industrial zones that are unsafe for residential development and land that may have more productive commercial or social uses. Informal housing creates long-term problems for the orderly development and growth of the city, its servicing requirements and the overall real estate potential. Residents of informal settlements do not pay property taxes and often connect illegally to infrastructure, thus reducing the revenue available to the government to provide essential services.

At the same time, informal housing is a vital element of the informal economy and real estate market. Housing and land in these locations is traded without the involvement of real estate agencies, registration in the land registry and the required payments of state taxes and dues. Although this makes housing more affordable and reduces transaction costs, it cannot be mortgaged or used as collateral for other business purposes (De Soto, 2003). For many residents, this is their single largest asset (Figure 3) but, without ownership rights in most cases, this investment is constantly under threat of being lost and becoming “dead capital”, particularly due to environmental hazards (e.g., floods, landslides or earthquakes) or the possibility of court-ordered demolition.

Informal settlements pose a high political and economic cost for governments, especially in cases of evictions, legalisation and resettlement. Efforts to document the extent of informal development and to allocate the extra institutional capacity to integrate the settlements into the planned area of the city are extremely costly. Furthermore, local governments and public institutions need to deal with land and real estate registration, dispute resolution and in some cases compensation for private landowners. The inability to handle these costs often perpetuates tolerance of the “informal city”.

#### 4.2 Social challenges

The variety of spatial manifestations of informal settlements across the region is associated with the many various social dimensions of the problem. There are, however, several important issues in common. First, residents of informal settlements



**Figure 3:** New informal housing in Belgrade (photo: Sasha Tsenkova).

are often poor and disadvantaged individuals facing higher unemployment, social hardships and ownership insecurities (Leckie, 2002; Organisation for Security and Cooperation in Europe (OSCE), 2006). Second, evidence suggests that demographic pressures from IDPs and vulnerable groups, such as the Roma population, are met by informal settlements (Council of Europe Development Bank & the World Bank, 2004). For example, a survey of residents residing in the informal settlements of Belgrade found that young families with insufficient income to obtain formal housing constituted 35%, followed by refugees comprising 23% and Roma accounting for 18% (Ministry of Capital Investment of Serbia and Montenegro, 2004). Without financial resources and stable employment, many IDPs and refugees that moved to Belgrade to start a new life resorted to informal housing solutions.

In countries such as Montenegro, Albania, Kosovo and Bosnia-Herzegovina, as a result of rapid shifts in local economies and/or war, hundreds of thousands of relatively poor migrants and internally displaced people have moved to the largest cities. The new arrivals have settled in the peri-urban areas, where they build houses on un-serviced lots, squatting on private or public land. In most cases, poverty and deprivation are manifested in the quality of the housing being built as well as in the substandard pattern of urban development, it being without any social or technical infrastructure (Figure 4). The example from Kamza illustrates some of these problems in the newly created neighbourhoods (Box 4).

**Box 4:** Provision of social infrastructure and community facilities in Kamza

The Municipality of Kamza is one of Tirana's informal settlements with over 90% of all dwellings being constructed illegally. The settlement was primarily agricultural land in the early 1990s but has grown substantially to around 60,000 residents today. Residents have migrated from the northeast regions of Albania, with the hope of a better life and greater opportunities. Half of the people are unemployed and half of all households live below the poverty line. The average home is 119 m<sup>2</sup>, twice the average for Tirana. Housing is

initially built in shack form and then improved as remittances are received and resources are found. Although planning efforts and the work of NGOs such as Co-PLAN have boosted the confidence of residents and led to investments worth \$110 million, there is no land for social infrastructure.

Source: Besnik et al. (2003)

In addition to the lack of access to schools and social services, peri-urban settlers do not generally possess titles to the land and so they face the potential threat of eviction. There are cases in the region where this is not the case; for example, in the older settlements in Serbia, Macedonia and Montenegro, but even in these cases the lack of social infrastructure – schools, medical clinics and social services – perpetuates a spatial form of social exclusion.

### 4.3 Environmental challenges

In most cases, the environmental challenges in the informal settlements are associated with the lack of basic infrastructure. Even the wealthier residents of older, improved settlements lack access to clean water, adequate roads, public transport and reliable electricity. The situation has immediate consequences for the residents themselves, but also adversely affects the quality of life in the formal areas of the city where urban runoff, downstream pollution from garbage and sewage discharged directly into rivers creates serious environmental threats.

The infrastructure deficit in informal settlements is significant. Illegal service connections are the only means to gain access, and these connections are unreliable and inefficient. Illegal connection lowers the efficiency of public utility companies and exposes regular users to frequent power and water cut-offs. Because most residents in informal settlements do not pay the full price for infrastructure usage, the revenue is unable to support the growing demand for infrastructure improvement and extension. In the informal settlements of Tirana and Bel-



**Figure 4:** New informal housing in Tirana (photo: Sasha Tsenkova).

grade, the differences in access to essential services are significant compared to the average for the city and the country as a whole (Table 2). In Tirana, amenities in informal housing are much closer to the national average than in the case of Belgrade. The Roma settlements in Belgrade have substantial disadvantages; only a quarter of the dwellings have access to sewage systems and only half have piped water.

In addition to the infrastructure deficits, some settlements are directly exposed to the environmental hazards associated with landslides, flooding, inadequate drainage and environmental pollution (Vucksanovic, 2007). These challenges create health risks for the residents. The growth of informal settlements contributes to environmental degradation at many levels:

- Erosion resulting from unpaved and un-drained roadways;
- Residents without sewage systems increase pollution of local water sources through prohibited discharges;
- Garbage is dumped along the road or in the local rivers and lakes. In some cases, informal settlements create environmental hazards through development in natural reserves and protected areas. This often tends to be the case in the coastal areas of Croatia and Montenegro.

## 5 Policy solutions

*The Vienna Declaration on National and Regional Policy Programmes* regarding informal settlements in southeast Europe identifies the issue as a priority and encourages countries to make policies to legalise and improve informal settlements in a sustainable way. It argues that the prevention of future settlements' formation is critical through sustainable urban management, principles of good governance and inclusive capacity building (Ministerial Conference on Informal Settlements in South Eastern Europe, 2004).<sup>[2]</sup> The search for policy solutions to address informal settlements is clearly multifaceted and multidimensional. Various projects and urban develop-

ment programmes have been considered in southeast European countries, but implementation is ad hoc and quite slow. The solutions suggested include legalisation and inclusion in formal urban planning, regularisation and the provision of essential social services (e.g., schools and medical clinics) and technical infrastructure (e.g., safe roads, public transit, water and sewage) and also programmes for resettlement into social housing. Although these solutions represent various aspects of the policy continuum, they also require significant political will and the financial commitment of central and local institutions. The following major types of policy intervention are reviewed:

1. Legalisation;
2. Regularisation and improvement;
3. Resettlement and relocation.

### 5.1 Legalisation

Legalisation of informal settlements in the region is in the process of being implemented. This approach emphasises the integration of informal land and housing markets into the formal economy and the provision of access to ownership rights through property titles. This legalisation is driven by efforts to capture public revenue and to stabilise large urban communities through potential social and infrastructure improvement programmes. Overall, the responses to legalisation vary according to local contexts, the types of informal settlements, governments' political orientation and the pressure from concerned communities. In some countries (Croatia, Montenegro and Bulgaria), legalisation is carried out as an integral part of renewed efforts to develop statutory plans for regulating development at the local level. In other countries (Albania and Serbia), legalisation of informal settlements is addressed through special legislation but implementation has been limited. Albania's legalisation law, adopted in 2007, provides special provisions for the informal settlements of the poor despite the violations of existing planning and construction legislation. Other countries in the region have similar

**Table 2:** Access to infrastructure in the informal settlements of Tirana and Belgrade (% of dwellings).

Infrastructure	Informal settlements in Tirana	Tirana	Albania
Sewage	46.0	91.0	58.0
Piped water	41.0	95.0	56.0
Central heating	0.0	2.0	2.0
Electricity	68.0	97.3	86.5
Infrastructure	Roma settlements in Belgrade (2002)	Belgrade (1991)	Serbia
Sewage	25.2	92.0	78.0
Piped water	47.1	98.0	90.0
Central heating	/	49.0	28.0
Bath or shower	40.0	96.0	80.0

Sources: United Nations Economic Commission for Europe (UNECE), 2002; Municipality of Tirana, 2004; UNECE, 2005; Tsenkova, 2005.

strategies, although progress in terms of implementation is not consistent (Box 5).

---

**Box 5:** Legalisation of informal housing in Albania and Croatia

ALUIZNI is the relevant national Agency for Legalisation and Urbanisation of Illegal Construction and Settlements in Albania. Its work is to put together the proposals for approving legalisation of informal settlements. ALUIZNI has prepared a pilot legalisation process for an area of 55 hectares. The area is being processed for complete digitalised documentation containing not less than 30 characteristics for each property to be registered. The first legalisation permits were granted in February 2007. The registration of properties will follow the process, after duties are paid equivalent to \$1/m<sup>2</sup>. In total there are 681 informal zones, out of which for 152 zones (23,000 hectares of land) the technical and legal documentation is ready, while for 281 the process is underway. There are also some 98 zones (or 168 hectares) that are occupied by communal buildings (not classified as informal settlements). In total, ALUIZNI has recorded some 350,000 requests for legalisation, out of which some 80,000 are multi-apartment dwellings and shops (Aldoni, 2007). The problem of informal housing in Croatia is particularly significant in the coastal areas, where it leads to informal settlement formation. In most cases these are second homes or for-profit developments in violation of planning and building permits. The problem escalated after 1995, when legalisation regulations were revoked and possibilities of connection to infrastructure increased. For example, 9,000 illegal buildings were constructed on the island of Vir and another 1,800 in the coastal area of Rogoznica. The legacy of informal settlements in Croatia dates back to its communist days. Regulations introduced in 1992 permitted legalisation of all informal buildings, estimated at 100,000. Within three years 35,000 buildings were legalised. The Directorate for Inspection Affairs within the Ministry of Environmental Protection and Physical Planning has taken measures to solve some of the problems since 2003. A total of 1,600 informally constructed buildings were demolished and 4,000 were legalised. Prior to demolition, a detailed verification is carried out on whether the building is inhabited and/or if the residents also have other real estate. Legalisation is integrated in the planning process.

Source: Tsenkova (2008)

---

## 5.2 Regularisation and improvement

Regularising and improving informal settlements represents a more comprehensive intervention. The solutions are not cut and dry: legal vs. illegal, formal vs. informal. The choice of legalisation vs. regularisation will depend on the political will of the authorities, the lobbying and negotiating capacities of the residents, and the location, size and quality of housing in the settlement itself.

The practice of regularisation and improvement emphasises the importance of intervention at three levels: the neighbourhood (or the informal settlement), the city and the metropolitan area. Although these mostly involve planning interventions, the process usually incorporates land and real estate registration and plans for the provision of infrastructure and social

services. In several countries (Albania, Serbia and Bulgaria), pilot projects on a small scale demonstrate the value of incremental improvement using this approach. Although it is difficult to judge its effectiveness, it represents a collaboration of residents, planners, municipalities and central government authorities. At the neighbourhood level, interaction among planners, grassroots community organisations, families and individuals delineates the immediate problems of residents in order to define possible solutions. At the district/city level, planners and decision makers must account for community dynamics and the impact of potential integration into the urban boundary in terms of transport and infrastructure requirements, costs and environmental implications. At the metropolitan/regional level, impacts and interactions within the urban agglomeration are considered, particularly in the case of large informal settlements, in order to make informed political and planning choices for the benefit of the city (World Bank, 2001; Bolay, 2004). Such strategic approaches are often incorporated into the new generation of master plans and city strategies in the region (e.g., Tirana, Durres, Belgrade and Skopje), but they are rarely implemented.

Building and maintaining infrastructure and public amenities is a major step toward formalising and improving informal settlements. Once an informal settlement is deemed fit to remain at its current location, it is essential to create partnerships to help pay for the costs of housing and improvement. It is important for residents to be engaged in the whole process and to leverage their contribution towards the cost of infrastructure and amenities, thus creating an appreciation for those services. In addition, governments need to allocate funds from their budget to address the lack of major infrastructure. The regularisation of the Gorica Roma settlements of approximately 60 households in Sarajevo is an illustration of this approach. The families occupied a parcel of land owned partly by a state-owned enterprise and partly by the municipality. After the war in 1996, displaced families rebuilt their homes although the threat of eviction from the area was still imminent. In 2000, the association of Gorica residents mobilised several international organisations, including the OSCE, OHR and UNHCR, to initiate a regularisation process that included rezoning for residential uses, compensation of the landowner (a state enterprise) by the municipality and transfer of land ownership to the Roma residents. Reconstruction in Gorica commenced in the spring of 2002 under the auspices of World Vision (OSCE, 2006).

## 5.3 Resettlement

A possible solution to informal housing problems is resident resettlement into social housing or some form of subsidised formal settlement. This is probably the most expensive solution

and it is not surprising that its implementation is fairly limited. In most of the cases, resettlement targets poor residents of informal housing or vulnerable groups such as the Roma, refugees and internally displaced people. There is no general model for the difficult task of re-housing large groups of poor migrants and refugees and their subsequent integration into existing cities. The importance of effective social policies and programmes that provide access to affordable and safe housing, while widely recognised, is in many cases beyond the financial capacity of central and local governments, particularly in countries affected by war and refugee crises. Many of the solutions related to resettlement are small-scale projects funded by international agencies and/or bilateral assistance (Figure 5).

More significant contributions towards re-housing refugees have been made by the Council of Europe Development Bank. Bank-funded projects allowed more than 2,300 people in Bosnia-Herzegovina, Serbia and Montenegro to be re-housed in 2005, and in 2006 another project benefiting 1,081 former residents of collective centres in Serbia and Montenegro. Similar schemes have been supported through grants from the European Commission to Bosnia-Herzegovina under its Return of Refugees and Displaced Persons Programme. The European Agency for Reconstruction has recently allocated €2.4 million to construct affordable housing for refugees and IDPs in Montenegro.

## 6 Conclusion: Informal housing as a problem and as a solution

Recognising the economic, social and environmental challenges inherent in informal settlements is an important step towards the design of various programmes and practical solutions to address the problems. Against the backdrop of the rapid growth of informal settlements and the persistent presence of the “informal city” in most countries in southeast Europe,



**Figure 5:** Social housing for refugees and internally displaced people in Podgorica (photo: Sasha Tsenkova).

local and national policies have been slow to recognise that inefficient housing, planning and land management systems aggravate these problems. It is now widely understood that migrants to the cities often end up as squatters in the informal settlements because the formal housing and land market is unaffordable to these groups (Gabriel, 2007).

Central government support for housing solutions for the urban poor and disadvantaged groups has dwindled in the past decade, shifting the burden to local governments, community groups and individual households. Illegal or informal land acquisitions and other informal solutions are perhaps a natural coping mechanism for poor migrants and refugees as demonstrated by the rapidly growing informal housing in peri-urban Priština (Figure 6).

The state now offers services and acts as a coordinator of policies and actions in the urban sphere, but the market alone has not been able to provide affordable and adequate housing for all sectors of society. The informal settlements are a distinct manifestation of this transition in governance. At its best, the state's increased role has resulted in improved legislation, infrastructure and services as well as community-driven attempts to regularise informal settlements. At its worst, however, it has turned a blind eye to informal settlement growth, constrained land supply, exacerbated corruption and forced the poor into spatially and socially isolated slums. It is in this context that the problem of informal settlements, particularly those created by the urban poor, ought to be viewed. There is a growing awareness that informal settlements, while undeniably a “problem” from an urban management point of view, may have to be seen as a feasible “solution” in terms of a social response to an inefficient housing and land provision system.

Another challenge is that informal housing is built not only by the urban poor but also by the private housing industry



**Figure 6:** Rapid growth of informal housing in peri-urban Priština (photo: Sasha Tsenkova).

and affluent consumers. This pattern of development is not likely to change in a linear fashion. The practices of illegal construction in urban areas, often due to the lack of a clear planning regime or the lack of enforcement of existing plans, have created significant challenges in many cities such as Tirana, Podgorica, Belgrade and Priština. Poor land administration and land registry systems aggravate the situation, adding to the problems of urban management by not providing a transparent system of land ownership and property rights. While solutions to the problems of informal housing are critical for a well-functioning real estate market and the protection of land and property rights, in their approaches governments need to target vulnerable groups and avoid broad-based policies that may also perpetuate informal urban development.

.....  
 Sasha Tsenkova  
 University of Calgary, Faculty of Environmental Design, Calgary,  
 Canada  
 E-mail: tsenkova@ucalgary.ca

## Notes

<sup>[1]</sup> For example, in the Belgrade region recent annual production by the formal housing market has been around 1,500 units per year, whereas informal production stands at around 50,000 units per year.

<sup>[2]</sup> Some capacity building is provided to Albania, Bosnia-Herzegovina, Croatia, Kosovo, Macedonia, Montenegro and Serbia in order to meet Vienna Declaration commitments by the Stability Pact and UN-HABITAT through the Regional Capacity Strengthening Programme for Urban Development and Housing (RCSP).

## Acknowledgement

An earlier version of this paper was published in: Tsenkova, S. (2009) *Housing Reforms in Post-Socialist Europe: Lost in Transition*. Heidelberg, Springer-Verlag. The opinions expressed here are those of the author and should not be attributed to the funding agencies supporting this research (CEB and UNECE).

## References

- Aldoni, D. (2007) *Legalization of informal settlements in Albania*. Paper presented at the 5th Regional Vienna Declaration Review Meeting, Stability Pact for South Eastern Europe, 22–23 October, Vienna, Austria. Typescript.
- Belgrade Urban Planning Institute (2003a) *Programme offering solutions for the issue of the unsafe settlements in Belgrade*. Belgrade.
- Belgrade Urban Planning Institute (2003b) *Generalni plan Beograda do 2021*. Belgrade.
- Besnik, A., Lulo, K. & Myftiu, G. (2003) *Tirana – sfida e zhvillimit urban*. Tirana, CETIS.
- Bolay, J. C. (2006) Slums and urban development: Questions on society and globalisation. *The European Journal of Development*

- Research*, 18(2), pp. 284–298. DOI: 10.1080/09578810600709492
- Council of Europe Development Bank & The World Bank (2004) *Housing in south eastern Europe: Solving the problem*. Paris.
- De Soto, H. (2003) *The mystery of capital: Why capitalism triumphs in the West and fails elsewhere*. New York, Basic Books.
- Gabriel, B. (2007) *Informal settlements in SEE – A regional support approach*. Paper presented at Informal Settlements – Real Estate Markets Needs Related to Good Land Administration and Planning FIG Commission 3 Workshop, 28–31 March, Athens, Greece. Typescript.
- Internal Displacement Monitoring Centre (2007) *Global Monitoring Project*. Available at: <http://www.internal-displacement.org> (accessed 26 Oct. 2007).
- Leckie, S. (2002) *Regional housing issues profile, implementing housing rights in south east Europe*. Nairobi, UN-HABITAT.
- Ministerial Conference on Informal Settlements in South Eastern Europe (2004) *Vienna declaration on informal settlements in south eastern Europe*. Available at: [http://www.unhabitat.org.pl/files/300/vienna\\_declaration.pdf](http://www.unhabitat.org.pl/files/300/vienna_declaration.pdf) (accessed 10 Jul. 2010).
- Ministry of Capital Investment of Serbia and Montenegro (2004) *The development of informal settlements in Belgrade*. Paper presented at the Ministerial Conference on Informal Settlements in South Eastern Europe, 28 September–1 October, Vienna, Austria. Typescript.
- Ministry of Human Rights and Refugees (2004) *Information on situation in the field of return of refugees from BiH, displaced persons in BiH and returnees*. Sarajevo.
- Municipality of Tirana (2004) *The development of informal settlements in Tirana*. Paper presented at the Ministerial Conference on Informal Settlements in South Eastern Europe, 28 September–1 October, Vienna, Austria. Typescript.
- Organisation for Security and Cooperation in Europe (2006) *Report on Roma informal settlements in Bosnia and Herzegovina*. Sarajevo.
- Payne, G. & Majale, M. (2004) *The urban housing manual: Making regulatory frameworks work for the poor*. London, Earthscan.
- Slav, A. (2007) Bulgarian Policies towards the Roma Housing Problem and Roma Squatter Settlements. *European Journal of Housing Policy*, 7(1), pp. 63–84. DOI: 10.1080/14616710601134753
- Soaita, A. (2007) *The new housing developments in Romania: Challenges and resident involvement*. Paper presented at the European Network for Housing Research Conference, 21–25 June, Rotterdam, Netherlands. Typescript.
- Tsenkova, S. (2005) *Trends and progress in housing reforms in south east Europe*. Paris, Council of Europe Development Bank.
- Tsenkova, S. (2008) *The challenge of informal settlements in the ECE region: A search for adequate policy responses*. Geneva, UNECE.
- Tsenkova, S. (2009) *Housing reforms in post-socialist Europe: Lost in transition*. Heidelberg, Springer-Verlag. DOI: 10.1007/978-3-7908-2115-4
- United Nations Economic Commission for Europe (2002) *Country profiles on housing: Albania*. Geneva.

- United Nations Economic Commission for Europe (2005) *Country profiles on housing: Serbia and Montenegro*. Geneva.
- United Nations Human Settlements Programs (2003) *Global report on human settlements 2003: The challenge of slums*. London.
- United Nations Human Settlements Programs (2006) *Four strategic themes for the housing policy in Serbia. Settlement and Integration of Refugees Programme in Serbia (SIRP)*. Belgrade.
- Vucksanovic, Z. (2007) *Solutions to informal settlements*. Paper presented at the 5th Regional Vienna Declaration Review Meeting, Stability Pact for South Eastern Europe, 23–24 November, Podgorica, Montenegro. Typescript.
- World Bank (2001) *Upgrading urban communities: A resource framework*. Washington, DC.
- World Bank (2007) *World Bank responses to the problem of informal development: Current projects and future action*. Paper presented at Informal Settlements – Real Estate Markets Needs Related to Good Land Administration and Planning FIG Commission 3 Workshop, 28–31 March, Athens, Greece. Typescript.