

Confiscation of informal property in Russia: negative lessons of the preparation for the Olympic games in Sochi

by Nikolay Karbainov

According to the plan, several amendments to the Civil Code of the Russian Federation will be considered during the autumn 2012 session of State Duma. These amendments, along with several provisions of the “Olympic” law, in force on the territory of Krasnodarski krai, presuppose simplification of the procedure of property confiscation, but on the whole territory of Russia. Simplification of the procedure may bear particularly painful consequences for informal owners. Informal owners are those whose property rights are acknowledged in practice but are not secured legally. According to various estimates, 25 to 50 million citizens who own immovable property, face such a situation.

As the experience of informal property confiscation in Sochi shows, introduction of such amendments into laws may lead to conflicts between representatives of the state authorities (builders and developers) from one side, and immovable property owners, on the other. In this policy paper we, first of all, answer the question why, in practice, application of the simplified procedure of informal property confiscation in Sochi turned out to be ineffective. And secondly, we take a look at how such a problem was solved in other Olympic capitals. The findings of the policy paper are based on the results of interviews conducted with individuals with conflicts in the Olympic Sochi, as well as on analysis of documents, mass media, and literature.

The central problem of the confiscation of informal property is the contradiction between the procedure of confiscation and the procedure of property legalization. On the one hand the “Olympic” law simplifies and speeds up the procedure of property confiscation, articulated by the federal laws; on the other hand, it does not presuppose simplification of legalization of informal property.

Bearing upon the experience of other Olympic capitals, one can suggest the following practical recommendations, which should be taken into account during confiscation of informal property:

1. It is necessary to either maximally simplify the procedure of legalization, or to scrap it completely.
2. In instances when the informal owner chooses natural compensation, they should be recognized as property owners already in the new place of residence.
3. It is necessary to make the confiscation process of informal property maximally transparent and accountable. This is due to the concern that in case of application of the above mentioned recommendations there is a risk of, first of all, unauthorized property seizure already after the start of project construction, and secondly, the risk that the lists of informal owners laying claims to compensations will include nonexistent people.