



ROMANIA
Ministry of Foreign Affairs



COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

WORKSHOP 2

**ROUND-TABLE:
PROPERTY RESTITUTION/COMPENSATION:
GENERAL MEASURES TO COMPLY WITH THE
EUROPEAN COURT'S JUDGMENTS**

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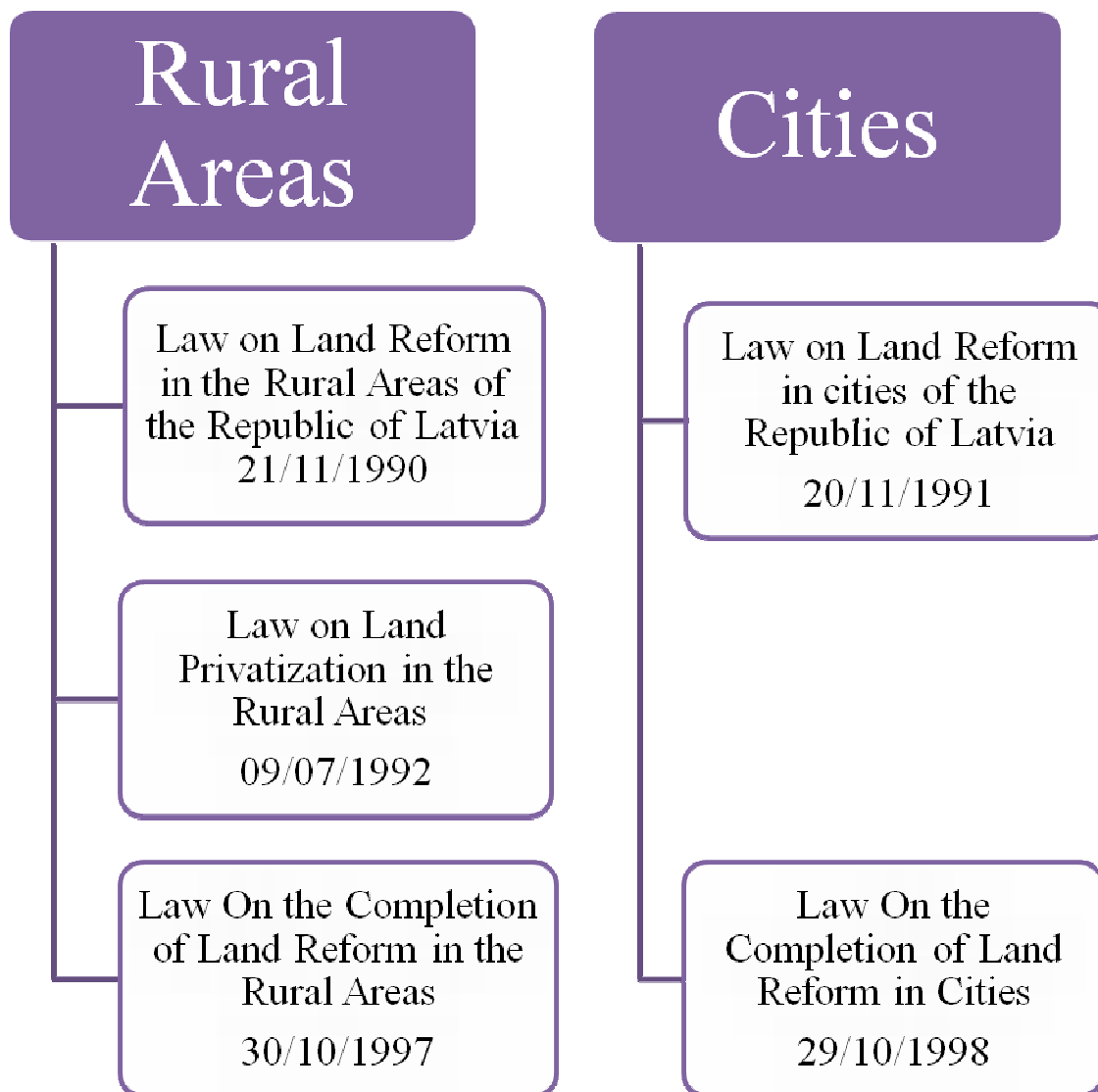
**Presentation prepared
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The views expressed are those of the author only

The Process of Land Property Restitution of in Latvia

*(the presentations provides only general overview of the
land reform and property restitution in Latvia and does
not give complete insight of the legal norms regulating the
matter)*

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Definition of former owners

Former owners - persons who owned the land until July 21st 1940 or their heirs (in accordance of state archive records, Land Registry records):

- priority to get back land of its previous area

Former owners - municipal and state owned land until July, 21st 1940 (in accordance of state archive records):

- priority to get back forest land

Rights of former owners

Financed by the state budget:

- land survey of the land;
- registration of the surveyed data in Cadastre.

The state duty is not charged for registration of the property in Land Register

Restitution in rural areas

First stage (1990-1996) – requests for land property restitution submitted by former owners or their heirs

Second stage (from January 1st, 1993 within the next 10-15 years period):

- restitution of the land property rights on claimed land;
- land survey of the restored properties and preparation of land border plans.

Competent institutions – local municipalities and State Land Service

Restrictions on property restitution rural areas

Land property rights are not restored:

- if residential buildings owned by other persons, municipality or state are located on the claimed land;
- if nature objects of the national importance are located on the claimed land (national parks, nature reserves).

Restitution in cities

First Stage (until July 20, 1992) – the claims on restitution of land property rights were submitted by:

- former owners or their heirs

Second Stage – the restitution of property rights

Competent institution – local municipalities

Restrictions on property restitution in cities

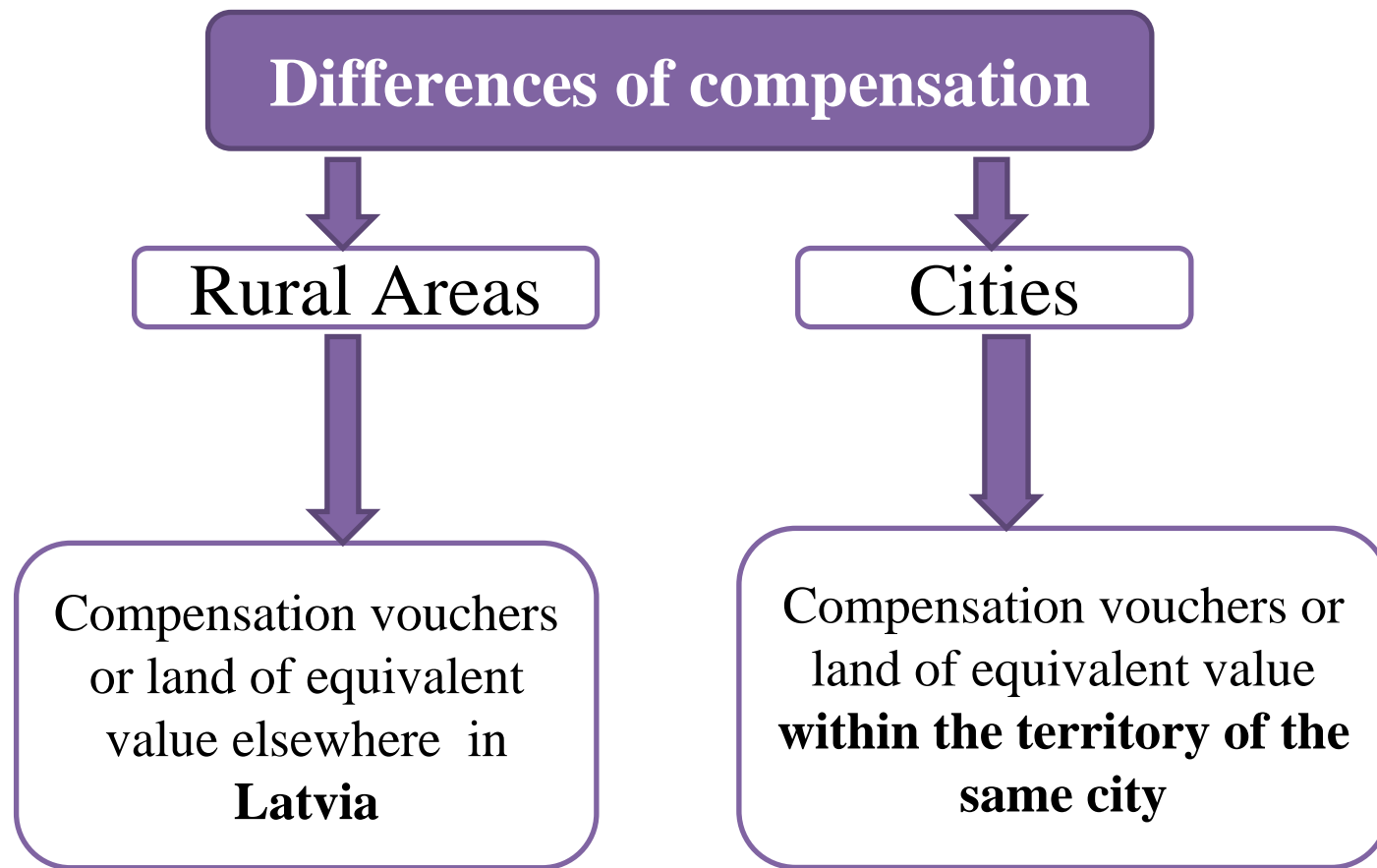
Land property rights are restored only within the boundaries set forth in general or particular land allocation plans approved by the local municipalities

The property rights are not restored if individual residential buildings are located on claimed land

Compensations

To compensate restrictions on property restitution imposed by law, the former land owners were granted the rights to receive either:

- compensation vouchers;
- land of equivalent value.



Calculation for the compensation

Rural areas

- The average appraisal of one hectare in the particular parish as of July, 21st 1940
- The appraisal expressed in scores (from 25 to 65 quality points per hectare)

Cities

- Appraisal of a land unit as of July 21st, 1940 (based on market price, purchase price, cadastral value).
- The approximated market value of land is used. It is determined by analyzing the real property market information until July, 21st 1940. (historical zoning). A coefficient for recalculation of the value of the Latvian lat as in 1940 is applied also.
- For former rural land units which are currently situated within boundaries of a city, the average appraisal of one hectare in the particular parish as of July, 21st 1940 is applied.

The principles to receive land of equal value

Rural Areas

Former owner can receive land unit with an area equal to the area of the property in 1940 (area for area)

Cities

- ✓ former owner can receive a land unit, which current cadastral value is equal to the value of the former land property as of July 21, 1940 (value for value)
- ✓ current cadastral value – i.e. value as of December 31st, 2007
- ✓ if the 1940 value is very low, a person has the right to acquire one land unit. The difference in value is covered by person in privatization vouchers or lats (LVL).

Formulas for calculating compensation in cities

$$V_b = F \times V \times K^L$$

$$VC = V_b / 28$$

V_b – appraisal of the former land property (in lats);

F – the area of the former land property;

V – the market price of the former land property or the approximated market value of that land property in lats as of July, 21st 1940, per square meter ;

K^L – coefficient for recalculation of the value of the Latvian lat as in 1940;

VC – amount of compensation vouchers

28 – the nominal value of compensation voucher = 28 LVL (40 EUR)

Formula for calculating compensation in rural areas

$$VC = (F \times M \times 53) / 28$$

VC – amount of compensation vouchers;

F – the area of the former land property;

M – the average appraisal of one hectare in the particular parish as of July, 21st 1940 (in units – rye tonns per one hectare);

53 – price of one tonn of rye, determined by the Cabinet of Ministers = 53 LVL (75.71 EUR);

28 – the nominal value of compensation voucher = 28 LVL (40 EUR)

Use of Compensation Vouchers

- ✓ for privatization of land, buildings and apartments;
- ✓ for sale;
- ✓ can be subject of an endowment agreement, can be inherited;
- ✓ for investing in pension funds;
- ✓ for buying shares of public stock companies (in Latvia), for privatization of former state companies.

Main Problems caused by the Restitution

- ✓ Fractional and fragmented land ownership which does not favour economical development in rural areas (average farm unit area is 12,9 hectares with average area of land for agricultural use - 7,7 hectares)
- ✓ Deviation from of the principle - the same owner of the land and the building connected to land
- ✓ Compulsory land rent conditions for building owners (limitation of the land rent charge is determined by law)
- ✓ Insufficient state budget funds for state granted land surveying for former owners (about 7500 land units are not surveyed yet).

Thank You for Your Attention!