

# The Aegean – The Heavy Seas that Real Estate Investors Must Navigate

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Greece is consistently ranked among the top tourist destinations in the world, with the Aegean islands being at the center of the hype. But few wonder what it takes to actually conceive, design, and construct a hotel in this gorgeous part of the world. There are so many restrictions and obstacles that one thing is certain: investing in the Aegean is certainly not for the faint-hearted.

Bearing in mind that this is only a “snapshot,” I will attempt to focus only on the acts currently pending at a legislative level which might greatly facilitate greenfield investments in tourism.

**1. *Special Spatial Framework for Tourism (SSFT)*:** This is the first (and currently highest) level of spatial planning which defines the guidelines and parameters for the whole country. In 2013, the Council of State annulled the SSFT issued in 2013, and, in 2017, it further clarified that following the above annulment, the earlier SSFT (issued in 2009) was not revived. As a result, there are currently no statutory guidelines for spatial planning for tourism in Greece (except for those that may be included in the *Regional Plans*, but please keep reading...) and, although there is a lot of pressure on the Greek government to proceed with issuing the relevant joint ministerial decision, the timeframe is still unclear.

**2. Regional Framework of Spatial Planning (RFSP) for the Southern Aegean:** This is the second level of spatial planning, aimed at specifying in more detail the guidelines for the development and organization of the main productive sectors per region (in this case, the Southern Aegean). The RFSP currently in force was issued over 20 years ago and is, as a consequence, seriously outdated. It is also rather vague and does not offer much help (especially in light of the absence of an SSFT). Although the public consultation procedure for the revised RFSP was completed two years ago, it's still unclear when the relevant ministerial decision will be issued.

**3. Road Characterization:** This is an issue that the Council of State first raised in 2008 and has now become a major parameter in the validity of building permits not just in the Aegean but throughout the non-urban areas of the country. In short, pursuant to the relevant rulings, a valid building permit may be issued only if one side of a plot opens up directly on a road that has been determined as public by means of a presidential decree. The problem is that there are very few such presidential decrees currently in force and the procedure for the issuance of new ones is extremely time-consuming. In fact, an optimistic estimate would be that we would need between two and five years to cover a large part of Greece's non-urban areas. For this reason, the government has made repeated attempts to tackle this issue through legislative reform – so far without success.

**4. Special Environmental Studies (SES):** Last, but most certainly not least, there's the problem of discrepancies in the regulatory framework surrounding the Natura network. Greece, having been found in breach of its relevant obligations toward the EU, is now trying to make amends and could, potentially, be making hasty decisions along the way. The public consultation on the SES for the Southern Aegean was recently completed and, further to a review and assessment of the comments and views expressed by the Ministry of the Environment and Energy and its specialized consultants, a presidential decree is expected to be issued in the (not-so-near) future. This decree shall determine the level of protection of each zone, the allowed land uses, and any development restrictions necessary for the protection of biodiversity. However, while the consultation on the SES was in full swing, a ministerial decision was issued in March, setting conservation objectives for (among others) the Southern Aegean, making things rather complicated. I am trying to not overdramatize the situation, but this decision could potentially render the SES process irrelevant and/or lead to drafting and assessing new SES for the Southern Aegean. Now, bear in mind, this all happened just a few weeks away from the national elections, so it's still unclear how the new government will address this matter. It may just be that we need to start from scratch.

But the Aegean is still breathtaking. And exclusive to those who are willing and able to earn their place on its shores.

***By Helen Alexiou, Managing Partner, AKL Law Firm***