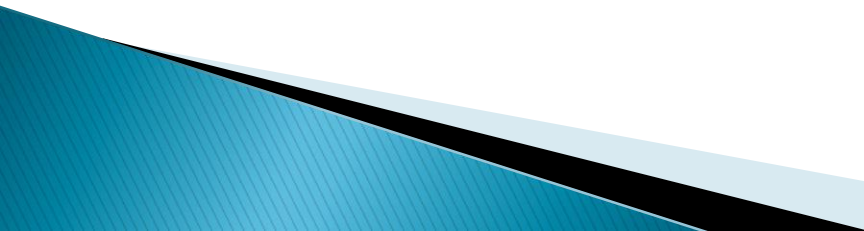


# **Urban Land Management**

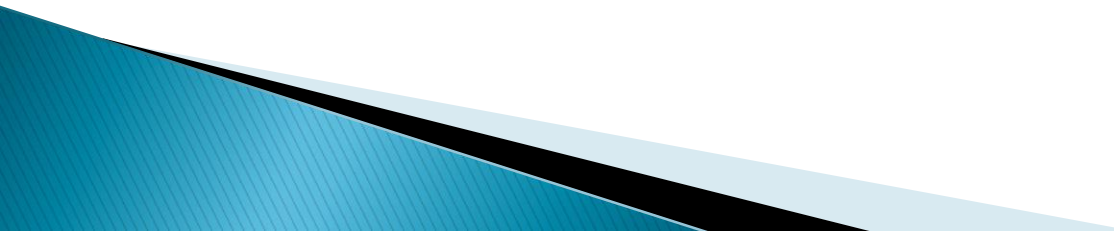
## **Lecture-6**

### **Trends of Land Tenure Policy in Developing Countries**



- (1) Encouraging investment in housing*
  - (2) Improving access to formal credit*
  - (3) Improving the property tax base*
  - (4) Increasing public sector influence over land and housing markets*
  - (5) Improving the efficiency of land and housing markets*
  - (6) Increasing equity of land and housing markets*
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## *(1) Encouraging investment in housing*

- ▶ perceived security of tenure is widely accepted as a precondition for households to invest in house construction or improvements.
  - ▶ however, full land titles may not be necessary to invest in housing. Examples of squatter settlements in Karachi and Cairo.
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## *(2) Improving access to formal credit*

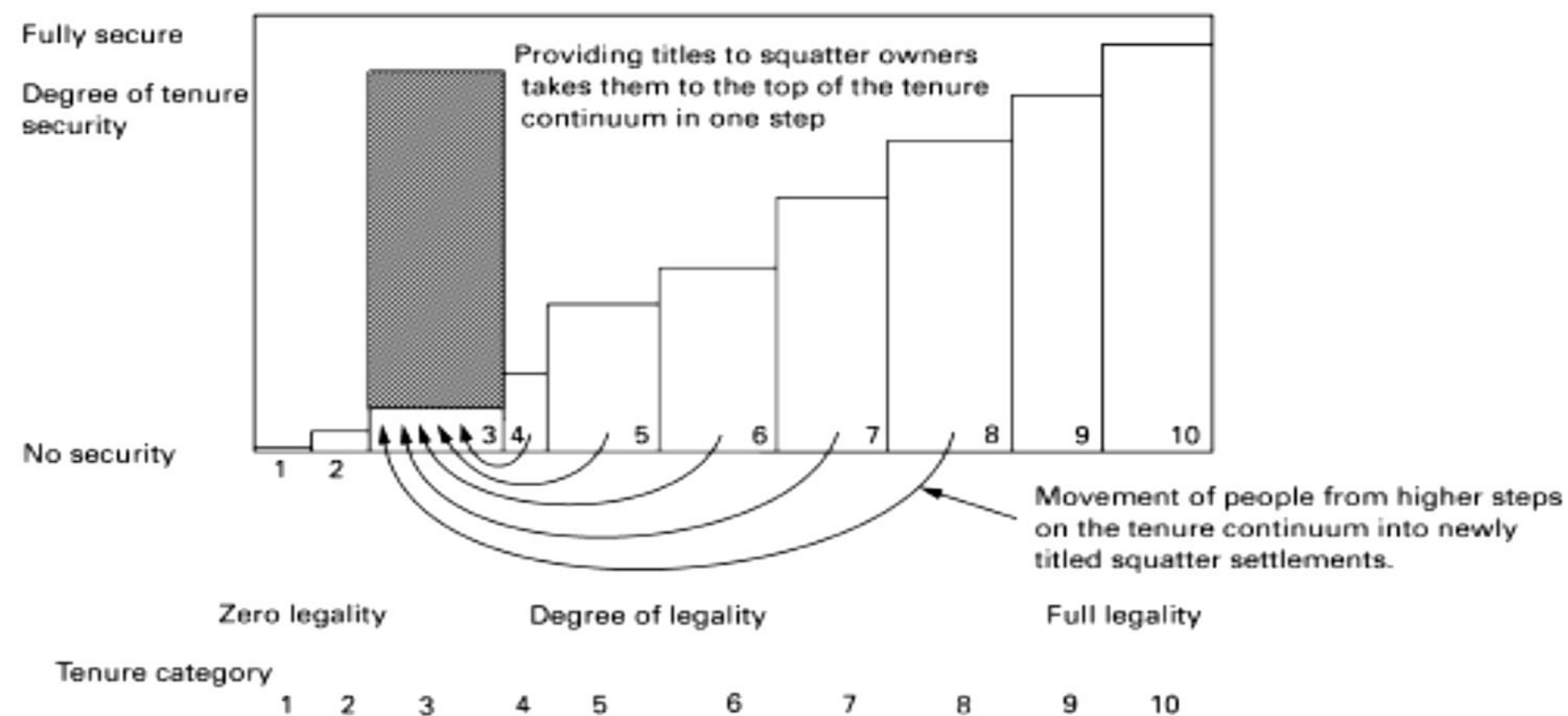
- ▶ land titles are widely accepted throughout the world as a secure form of collateral for large loans.
- ▶ collateral is irrelevant unless households can satisfy this initial criterion.
- ▶ community based finance institutions may provide small loans. Examples of Bangladesh and Bolivia.

### *(3) Improving the property tax base*

- ▶ provision of titles may not generate a corresponding increase in tax revenues.
- ▶ title documents are worthless, since the State does not guarantee them and possession alone provides security of tenure.
- ▶ this may be because households who perceive that they are secure, refuse to pay taxes.  
Example of Pakistan.

## *(4) Increasing public sector influence over land and housing markets*

- ▶ regularising of land tenure may have serious negative consequences.
  - ▶ may cause significant and sudden increase in land values by subdividing land illegally.
  - ▶ example of World Bank policy paper.
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Tenure categories found in many cities:


- 1 Pavement dweller
- 2 Squatter tenant
- 3 Newly legalised freeholder of squatter house or plot
- 4 Tenant in unauthorised subdivision
- 5 Squatter 'owner' - regularised
- 6 Owner - unauthorised subdivision
- 7 Legal owner - unauthorised construction
- 8 Tenant with contract
- 9 Lease-holder
- 10 Free-holder

## *(5) Improving the efficiency of land and housing markets*

- ▶ formal tenure status within informal settlements may raise their commercial value/rent and can therefore actually reduce tenure security for marginal groups.
- ▶ insistence on full titles can have severe negative impacts on the operation of urban land and housing markets.
- ▶ project level intervention than inappropriate regularization policy may lead to more positive outcome. Example of World Bank project in Ahmadabad, India.



## *(6) Increasing equity of land and housing markets*

- ▶ impact of inappropriate regularization policies may render large number of people homeless.
  - ▶ provision of land titles may raise land values which are then passed on to tenants.
  - ▶ many people are thus displaced in favour of higher income groups.
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# Alternative policy options

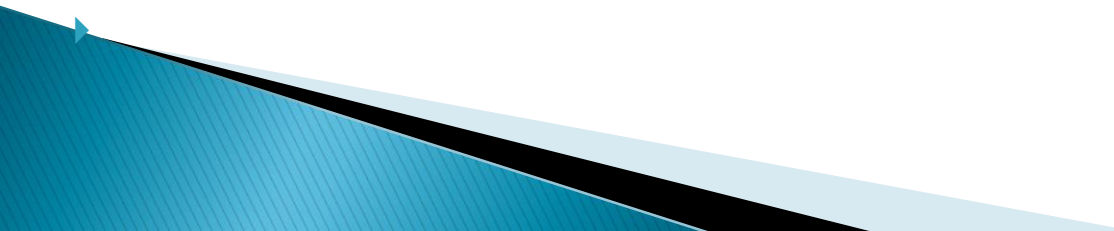
## 1. Increase the rights of residents rather than changing their formal tenure status

- ▶ Examples of rights of use and condominium ownership in different countries.

## 2. Extend existing customary arrangements

- ▶ Distinguishes between ownership of land and property.
- ▶ Example of modest ground rent charged from informal settlers in Egypt. This does not grant title, and cannot be transferred, but ensures that if households have to be displaced, they will receive compensation for the buildings they have erected on their plots.

### 3. Community land trust

- ▶ The community land trust (CLT) is a mechanism that can address the need for affordable housing, and it also can be considered as an institutional mechanism for capturing socially produced land value.
  - ▶ The CLT is typically a private, non-profit corporation that acquires land parcels in a targeted geographic area with the intention of retaining ownership of the land for the long term.
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### 3. Community land trust

- ▶ The CLT then provides for the private use of the land through long-term ground lease agreements. The leaseholders may own their homes or other improvements on the leased land, but resale restrictions apply.
- ▶ In theory, the CLT removes the cost of land from the housing price by separating ownership of the land from that of the house or other improvements.

## 4. Transfer of development rights

- ▶ Transfer of Development Rights (TDR) is the sale of one parcel's development rights to the owner of another parcel, which allows more development on the second parcel while reducing or preventing development on the originating parcel.

## 4. Transfer of development rights

- ▶ Under such program, development rights are detached from a lot designated for protection (sending area), and the detached rights are transferred to a lot in an area where additional development is permitted (receiving area).
- ▶ TDR programs are used to further a wide variety of objectives: for example, to protect agricultural lands, to preserve wildlife habitats, or to control development densities in areas with limited infrastructure or public services.

## 5. Co-operative tenure form

- ▶ This form of tenure includes sectional title – multiple homes in a single property development – except that property ownership is held via a group entity in which each household is a shareholder and each shareholder has rights of occupancy on a single unit.
  - ▶ Used in a variety of situations where it is appropriate to circumscribe the shareholder/ unit occupant's rights.
  - ▶ May be differentially taxed than straight homeownership or condominium.
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