

# URBAN SHELTER LAND



## Supply and demand

In a globalized economy, with its widening income gaps and escalating land prices, land markets and formal land development processes tend to serve the middle and upper-income strata, leaving the poor to obtain land informally, often through illegal occupancy. Few developing countries have succeeded in establishing land markets capable of delivering affordable land - thus pushing the poor to settle informally on vacant, and sometimes dangerous lands at the urban periphery. This often increases densities in existing squatter settlements and implies long and expensive trips to work and services.

Numerous factors constrain the supply of land. In some countries, supply is concentrated in the hands of government or speculators, imposing further bottlenecks on land markets. So also do lengthy procedures and inappropriate institutional structures, out of date cadastral systems, inappropriate land use regulations and adjudication processes, inequitable or poorly developed valuation and tax systems.

In the developed countries, the high cost or scarcity of urban residential land may result from competition with more economically productive uses. Economic growth is driving up land costs in both central cities and suburbs, contributing to shortages

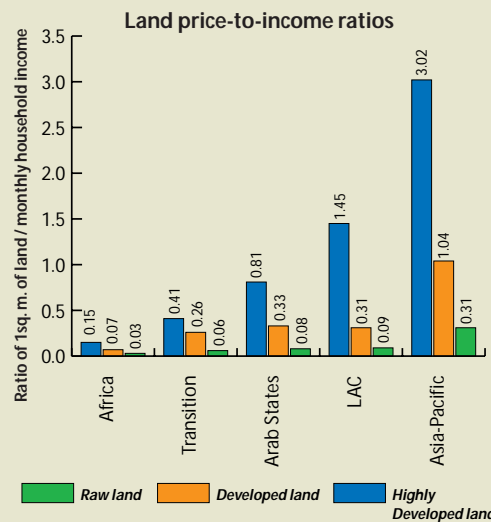
of affordable housing. Entry to the housing market has become severely restricted in the more attractive cities of the industrialized countries, although economies of scale from land consolidation by developers sometimes helps to offset high costs of land and thus housing.

## Systems of land tenure

Different forms of land tenure with corresponding property rights such as private or public ownership, leasehold and common, communal, religious or customary land tenure system exist. With rapid urbanization and commercialization, customary tenure concepts have proved unable to meet the needs of people with low incomes, limited savings or without collateral. Urban areas generally embody a wider range of tenure options, thus making the land issue more politically contentious than in rural areas.

With the mass privatization process in Eastern Europe, rates of home-ownership have increased considerably. In most parts of Sub-Saharan Africa, customary land systems still prevail and are considered to be an obstacle to the development of efficient land markets, as customary land rights are related to social rather than commercial value.

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Land price is a major guide to land availability and development in cities. A responsive urban environment should have land available at a range of prices wide enough to meet the demands of individual households and the private sector. The ratio of land price to household income not only indicates if affordable land is available for different segments of the population, it also shows if local government is able to develop infrastructure or provide incentives for new development. Low values for this ratio, found in African cities and Transition countries, indicate that land markets are not highly speculative and are driven by relatively high supply and low demand for land.

In Lesotho, an innovative project addresses the issue of customary land tenure through a multi-stockholder approach that recognizes the legitimate interests of customary community chiefs. The aim is to create added value through planning, so that the surplus can be used for the provision of serviced plots and reducing the costs of infrastructure.

## Land registration and management

Reform of registration and land administration towards more accessible and affordable systems is a prerequisite for security of tenure and property rights. In economies under pressure to provide protection for investment, there is a need to encourage investment in real estate, and to establish modern land and administration systems with an adequate regulatory environment for private sector activities - because land is money. In developing countries land values may rise 5 percent annually, and investment in land, notably in growing cities, is a sound investment, but some form of control would be desirable. Several transition countries are now experimenting with unified systems for the registration of property rights and the development of the property market. In this process the previous public title systems are being transformed to allow the involvement of the private sector in land administration. Yet, accelerated by pressure from global capital markets, these processes are often failing to take into account particular national socio-economic and political conditions.

## The role of public policy

Public policy plays a crucial role in both the supply of - and demand for - land. Through planning, public authorities can direct transport and infrastructure towards opening up new land, but they can also 'follow up' the settlement process with regularization and upgrading. Modifying approval procedures and taxes can lower transaction costs and make markets operate more efficiently. The promotion of a diversity of investment options in the various capital markets can help reduce land prices, minimize speculative investments and optimize the use of public and private capital. Responsibility for formulating and enforcing rules of tenure and use of land rests ultimately with the government.

## Good policy on tenure

- *New systems of land tenure should improve the efficiency and equity of land markets within cultural and legal systems acceptable to all sections of the population;*
- *Tenure policy - comprehensively addressing rural and urban situations - has to be seen as a part of a package of policy measures, not a free-standing measure;*
- *The essential element of tenure policy should be to protect people from forced evictions where due legal process and a reasonable alternative housing solution have not been provided;*
- *National land policy and law should clarify the rights and obligations of landowners and other interested parties and provide protection for vulnerable groups such as the poor, the elderly and women;*
- *Security of tenure is increased if policy changes are gradual and give people time to adjust. Major changes increase insecurity - incremental change is best;*
- *A wide range of tenure options - formal, semi-formal and non-formal - is the best approach to ensuring affordable access to land for the urban poor and minimizing distortions in land and housing markets;*
- *Simple and affordable conflict-resolution procedures can resolve disputes over land and property;*
- *Where land markets are particularly regressive, measures should protect the poor from being evicted from high-value locations as well as facilitating access to land and housing for poor households in such locations.*

Source: Geoffrey Payne, *Innovative Approaches to Tenure for the Urban Poor* Presentation, 2001

## Kosovo Land Registry

During the war in Kosovo, many land ownership and property survey records were destroyed. In the ten years prior to the war, discriminatory laws had made the tenure of ethnic Albanians insecure and nullified many of their property rights. A new programme by UNCHS (Habitat) aims to secure or re-establish valuable cadastral information in support of reconstruction and the regularization of housing and property rights. The outcome of this programme will be the restoration of housing and property rights; support to future taxation of real property; a functioning mortgage system; improved urban planning and infrastructure development; support to environmental management; and systems for collecting statistical data needed for economic and development planning.

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### Adequate Shelter For All - Barbados

In Greater Bridgetown, which comprises 40 percent of the island's inhabitants, there was a large gap between the cost of housing and the incomes of the urban poor. To address this problem the 1980 Tenantry Freehold Purchase Act created a right for tenants to purchase lots on which they had resided for a period of 5 consecutive years. For any plantation tenant, the statutory price was Barbados \$1 (US\$0.5) per square meter, and for any non-plantation tenant, the market price. The government also instituted the policy of subsidizing the sale price of urban lots, thereby facilitating the construction and upgrading of 397 houses.



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