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Land Markets and Regulation: Building Better Urban Futures

Presentation at the International Workshop on Scaling up Upgrading and Affordable Housing: From National Policies, to State Programs and City-Wide Slum Free Interventions, Udaipur, India, 29-30 January, 2010.

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World Bank Institute Series

Policy tools for improving urban land markets, with a focus on:

- Slum-upgrading initiatives
- Affordable housing

- Role of market **regulation** in addressing current shortfalls and systemic problems in urban land delivery

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Key issues in land market regulation

Need for a 'twin track' approach to:

- Improve the lives and living conditions of 1 billion slum dwellers globally, (ten times more than the MDG target) and 80+ million in India alone through slum upgrading (eg 'Slum Free India' and 'Cities Without Slums')
- Increase the supply of legal and affordable land and housing for up to 3 *billion* additional urban residents globally by 2050 (150 million in India alone), to reduce the need for future slum formation. A large proportion of this increase will be in the low-income category (LIG/EWS). What can *they* afford?
- Progress will require a greater focus on urban issues and the combined efforts of public, private and civil society sectors.

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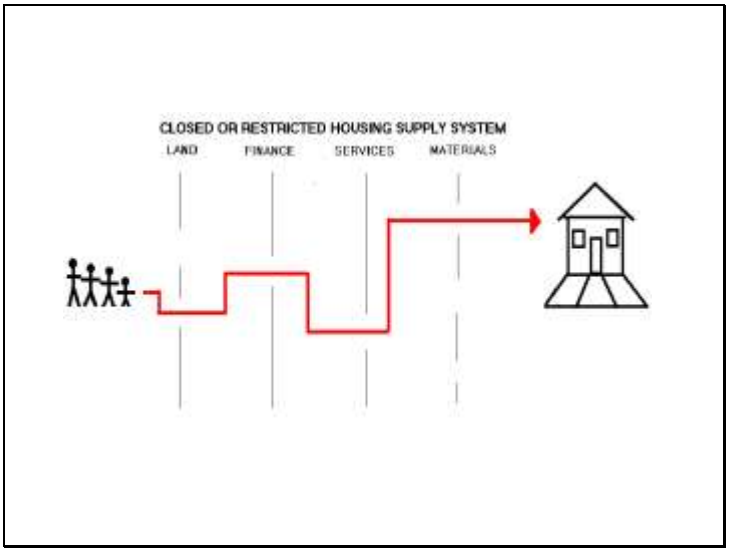
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LAND
FINANCE
SERVICES
MATERIALS

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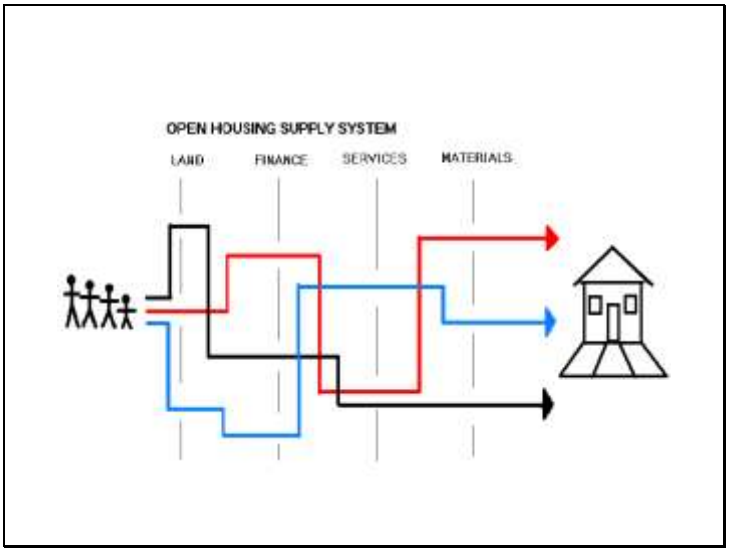
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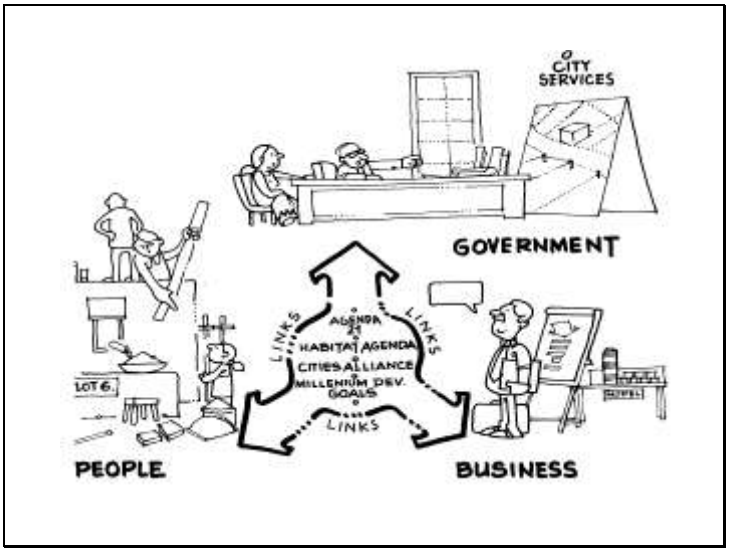
Slide 6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BUSINESS

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Policy Approach

- Moving from control to more effective land market regulation, from goal-scorer to referee
- This requires care in defining key regulatory terms and conditions to which all actors in the land and housing markets should operate. It will require focusing on key priorities which can stimulate diverse supply systems on a level playing field and under conditions of transparency.
- Policy objective – to facilitate private sector investment and identify and extract a public benefit from it for those in need.

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Land markets and slum upgrading

- Slums provide more than just housing. How can upgrading retain and reinforce their economic contribution to development?
- Slums and urban land markets – upgrading or redevelopment? What place for the poor?
- Comprehensive redevelopment versus gradual integration (points of entry include tenure policy, land use and services provision).
- Policy instruments include land sharing , re-blocking and direct negotiations between residents and developers.

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Land markets and urban development

To meet projected needs for land and housing with efficiency and equity requires diverse options for accessing and developing land, since all options have both strengths and limitations. Regulatory instruments include:

- Land or property taxation (many countries)
- Land banking (eg India)
- Transfer Development Rights (TDR) (eg India)
- Land Pooling/Land Readjustment)LP/LR) (eg Asian cases)
- Guided Land Development (GLD) (Pakistan)
- Requests for Proposals (RFPs) (Bulgaria, Russia)
- Companies Limited by Guarantee (UK)
- Mandatory requirements for private projects (eg London)

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Administrative Options

1. **Planning and building standards**
   - The relationship between costs and affordability (India highly realistic and skilled in reducing costs without compromising design as in the HUDCO design guides of the 1980s)

2. **Regulations**
   - Land use and plot development (facilitate mixed land use)
   - Building heights and setbacks, space allocation and infrastructure services
   - Floor Space Index (FSI)

3. **Administrative procedures**
   - The number of steps, costs and degrees of certainty provided

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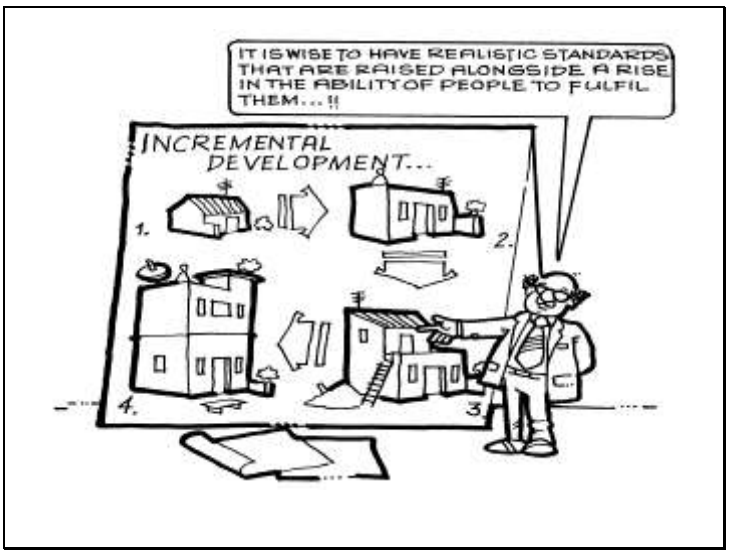
IT IS WISE TO HAVE REALISTIC STANDARDS THAT ARE RAISED ALONGSIDE A RISE IN THE ABILITY OF PEOPLE TO FULFIL THEM...!!
INCREMENTAL DEVELOPMENT...
1.
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4.

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Lessons Learnt

- Importance of finding the right mix of policy, legal and institutional responses to urban land issues and to consider housing as an integral component of urban development, not an isolated activity.
- Need for unity across jurisdictional boundaries: integrated planning approaches are more successful (eg.)
- City-wide planning has the potential to transform urban politics and reduce poverty

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Thanks for your attention.
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