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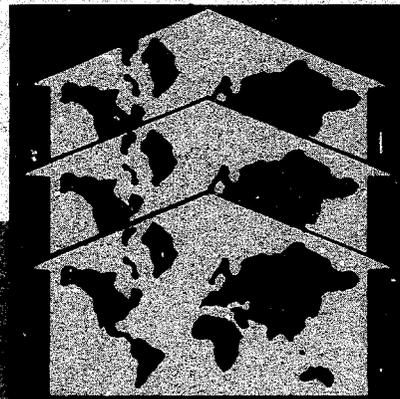
Regularizing the Informal Land Development Process

Volume 2: Discussion Papers

OFFICE OF

HOUSING AND URBAN

PROGRAMS



■ Regularizing the Informal Land Development Process

Volume 2: Discussion Papers

■ compiled by

Office of Housing and Urban Programs
Bureau for Asia and Private Enterprise
U.S. Agency for International Development
Washington, D.C.

■ Published in September 1991 in Washington, D.C., by the Office of Housing and Urban Programs of the U.S. Agency for International Development. The views expressed in this publication are those of the authors and do not necessarily reflect those of the Office of Housing and Urban Programs or the U.S. Agency for International Development. Prepared under contract no. DHR-1005-0-00-0019-00.

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■ Abstract

This report is a compilation of four papers presented and discussed at the Workshop on Regularizing the Informal Land Development Process, which was sponsored by the U.S. Agency for International Development's Office of Housing and Urban Programs and was held in Washington, D.C., on November 1, 1990.

The papers examine the costs and benefits of regulatory reform, the impact of government regulation on land and housing markets, and the experience of various developing country governments and the informal sector as they have sought regularization of informal land development. The papers should provide useful background information for those who are responsible for implementing land policies and programs and should be helpful to donor agencies involved in supporting decentralization and municipal management.

■ Preface

The rapid rate of urban growth in the last decade has led to unprecedented levels of urbanization on all continents. Already, some countries of Latin America are 70 percent urbanized; in Asia, the comparable figure is 20 to 30 percent. In Africa, currently the least urbanized region of the world, high rates of urbanization are expected to result in an estimated 40 percent of the population living in urban areas by the year 2000.

One of the most ubiquitous consequences of this phenomenon has been the emergence of informal settlements. These extensive areas of uncontrolled development consist of families occupying unapproved units on unauthorized lots and are viewed as a response to a regulatory environment that has restricted the supply of affordable land for housing. Located on the urban fringe, often on environmentally fragile lands, many informal settlements lack infrastructure and services. In addition to providing accommodations to a significant segment of urban households, informal settlements are also the site for a multiplicity of small businesses and microenterprises that are a source of livelihood for many settlement residents.

In the last two decades, the exploding demand for urban housing has been met by the informal production of a significant percentage of shelter in developing countries, far outweighing the scale of public sector housing programs. Runaway land markets have led to uncontrolled and wasteful urban expansion. Municipalities, with few discretionary human and financial resources at their disposal, have found themselves unable to guide and regulate the urban land development process and, therefore, have tended to play a passive role in the process.

In the absence of local capacity to plan and implement urban investment on a scale commensurate with demand, infrastructure provision in informal settlements has primarily depended on site-specific

projects, such as government- and donor-financed sites-and-services or upgrading projects and resources mobilized from within by community-based groups. For most households, the cost of illegal occupancy of affordable land is no access to legal land title or urban services.

To advocate the regularization of informal settlements requires the dual recognition that the informal sector is part of the broader economy and that the problems of urban land use are inextricably linked to the problems of urban management. It also requires the recognition that regularization encompasses security of tenure as well as the provision of infrastructure and services, not simply the registration of legal land title. Moreover, if municipal or local governments are to move toward regularization of informal settlements, the public sector, the formal private sector, and the community must be involved as full participants.

The evidence to date is that regularization is already occurring. At all levels of government, the presence of informal settlements in and around cities is increasingly being acknowledged as a housing solution rather than as a problem. Within communities, resources are being mobilized to finance the provision of infrastructure services. Nevertheless, the institutional framework within which regularization occurs has collapsed in the face of mounting demand for urban land. The challenge is to create a planning framework capable of guiding rather than dictating the process of land development. Such a planning structure must allow regulatory and institutional changes that are responsive to the customs of informal settlements and their rules for land development.

As part of its strategy to increase the supply of affordable land, the U.S. Agency for International Development's Office of Housing and Urban Programs supports governments as they seek to regu-

larize the informal land development process. In order to explore the complexities of translating the goal of regularization into workable policies, the office sponsored the Workshop on Regularizing the Informal Land Development Process, which was held in Washington, D.C., in November 1990. The objective of the workshop was to review the experience of developing country governments and the informal sector as they have sought regularization of informal land development.

The framework for the workshop was provided by a background paper written by Mona Serageldin (subsequently published by the Office of Housing and Urban Programs as volume 1 of *Regularizing the Informal Land Development Process*). The paper's global overview of regularization policy addresses the legal background and evolution of land development regulations in Asia, Latin America, the Middle East and North Africa, and sub-Saharan Africa.

The paper also assesses the widening gap between formal requirements and informal development processes, especially as it affects growth patterns on the urban fringe, and identifies different regularization strategies within the various regions. In highlighting the challenges to be faced in institutionalizing successful programs for the regularization of informal land development, the paper argues that

- regularization should be formulated, structured, and institutionalized as an instrument of land policy;
- regularization should be structured as a planning framework capable of guiding rather than controlling land development in order to minimize adverse impacts on the environment;
- regularization should result in new linkages between the formal and the informal sectors and a framework that is better adapted to each area's sociocultural context; and
- regularization should encourage public authorities to redefine their role as catalysts who support local activities that promote a coherent land management policy.

The four papers included here were presented and discussed at the workshop. The papers by Michael Hoffman ("Informal Residential Land Development in Indonesia") and David Dowall ("Less Is More: The Benefits of Minimal Land Development Regulation") contrast the informal and formal responses to existing regulatory environments. In focusing atten-

tion on the costs and benefits of regulatory reform to the beneficiaries of Indonesia, Hoffman highlights the importance of viewing regularization as more than simply securing legal title to land. In drawing a distinction between regularization and deregulation, he brings into focus the current debate as to the level of standards and regulations that will ensure an adequate supply of affordable land and shelter.

Dowall examines the impact of government regulation on land and housing markets in terms of land supply constraints, subdivision standards, and procedural delays. He describes the experience of Bangkok, which suggests that in a relatively unregulated and highly flexible land market, formal developers have been able to deliver housing to a population just below the median income. He also offers the argument that a land market assessment can be an effective first step toward the reform of government regulations.

The problems of urban land use are closely tied to the problems of urban management. Many informal settlements, whether located on the urban fringe or within a municipal jurisdiction, develop in areas subject to weak systems of local government that have few resources available to assure implementation of appropriate land development policies. The papers by Albert Forsyth ("The Institute for Liberty and Democracy's Property Rights Program") and Gerald Erbach ("Land Tenure in Jordan: Informal Markets and the Resolution of Problems") demonstrate very different approaches to regularizing existing informal settlements.

- In Peru, regularization has meant providing legal title to the occupants of invaded land. In Jordan, it has involved granting legal property rights to owners of land held under traditional and customary practices.
- A land titling program in Peru, which has been able to register land titles of large numbers of people in a short time, has been implemented by a private organization working closely with the communities involved. The process of granting titles in Jordan has been a time-consuming and labor-intensive activity which has depended on close coordination by government agencies and a dedicated and sustained effort by professional staff; only a small amount of citizen participation has been involved.

Differences aside, the examples discussed by Forsyth and Erbach demonstrate that successful experi-

ences regularizing informal settlements involve a strong commitment from public and private forces that act as catalysts to the process of regularization and a clear commitment from and participation by the community. At the same time, the approach actually taken to integrate the informal sector into the formal economy varies by region and is best adapted culturally to the targeted environment.

Legal title, mobilization of financial resources, and the provision of infrastructure are intimately tied to one another. Currently, in most countries, responsibility for each is divided among central government ministries. Furthermore, many local governments and municipalities lack the capacity to coordinate action on these three fronts. In the broader context of effective urban management, regularization of the informal land development process lends itself to being addressed at the local level.

Among the conclusions emerging from the papers is the need to understand the informal sector as part of the broader economy. Policies taken to legitimize the status of informal settlements will have economic implications that cannot be ignored. Any approach to legitimizing the status of informal settlements demands an examination of the costs and benefits of regularization to individual households as well as to the community and municipality.

■ Informal Residential Land Development in Indonesia

■ by

Michael L. Hoffman

■ Informal Residential Land Development in Indonesia

Informal residential land development in Indonesia occurs in a variety of ways. The anticipated land use, the legal ownership of the land, the demand for land in a particular area, and similar factors affect the nature of the informal development process. A distinction can also be made between informal land development that occurs incrementally over a long period of time, in which owners of large parcels occasionally sell single plots, and situations in which subdividers regularly and systematically buy large parcels and informally lay out and sell building sites.

This paper will focus on the latter group, who might be considered professional informal subdividers. Such persons are active around most large and medium sized cities in Indonesia; their activities lead to the development of large amounts of fringe area land. The market segment these subdividers serve ranges across household income levels, but excludes both the poorest and wealthiest. Thus, it includes many middle-income families—semi-skilled salaried workers, civil servants, white collar workers, and professionals—who are looking for land to build a home.

The Process of Informal Land Development

To illustrate the process of informal land development, it is useful to present a case study from Bandar Lampung, a city of approximately 250,000 persons in southern Sumatra. The subdividers, a husband and wife, have been involved in the business as a full-time occupation for 10 years. To date, they have developed nine locations (the largest is 10 hectares), and they estimate that they have processed and sold several thousand plots. They began the business with very limited capital, paying off the original landowner as they sold building sites to individuals, but they currently appear to be earning a substantial

income from the business. They do all of the financial and administrative work themselves, but make use of intermediaries to find suitable sites and locate potential customers.

One group of intermediaries consists of individuals who seek landowners who are interested in selling. If the subdividers decide to purchase a plot, the intermediary is paid a commission of 2.5 percent of the selling price, not as a lump sum, but over time, as payments are made on the land. The subdividers appear not to have a standard requirement as to the size or location of the land they desire. Instead, they evaluate each potential site on an individual basis. Implicitly, however, there appears to be a sound understanding of the nature and direction of urbanization and the type of market they are serving. Further, they are aware of the development plans of the municipality and often informally contact someone in the local public works office for additional information on the site. Depending on circumstances and the utility of the information, the contact is paid a small fee.

Negotiations are undertaken directly between the subdividers and the landowners. Payment is generally on an installment basis, but varies depending on whether the installments are due at fixed times or tied to the future sale of building lots. Frequently, after the subdividers have made an initial agreement with a small landowner, neighboring owners approach them and offer parcels for sale. If the original ownership of the site appears complex (for example, a parcel owned by a number of siblings) or if some dispute exists related to ownership, the subdividers contact the neighborhood leader to acquire more precise information. If multiple parties with potential claims exist, the subdividers attempt to have each sign a letter acknowledging the transaction and, in effect, waiving any further rights. Having decided to proceed with the transaction, the subdividers make an initial payment to the owner and

sign a letter witnessed by two or three local officials, thus establishing their right, according to local practice, to divide and resell the land. The letter is a stamped or sealed document similar to a power of attorney, but it is not a conveyance of title. The process is simple and quick.

Next, the subdividers ask surveyors from the local government land office to survey the site and prepare a rough site plan. The standard lot is 300 meters square (15 meters by 20 meters), and the surveying process usually takes 15 days. Generally, an attempt is made to ensure that neighboring landowners witness the surveying process so that future boundary disputes will be avoided. Employing local land office personnel for this purpose, however, does not bring into effect government regulations concerning subdivision or layout of the land.

To find buyers for the site, the subdividers employ a second intermediary on a project-by-project basis. The subdividers go to a business or government office and speak to someone they know or with whom they have a connection. They propose that the individual find 20 buyers in return for one lot. Should the contact find fewer buyers, he would receive a proportionate amount of cash. If the contact agrees, the subdividers leave a copy of the site plan and a small amount of cash. The preference is to deal with an individual in the personnel department of a company or agency in the hope that the intermediary will be able to take payments directly from the buyers' salaries.

Often, the buyers ask to see the plots, but frequently a decision to purchase is made without a visit. All of the lots are sold at a standard price with monthly payments extended over three years. While the subdividers are willing to give a 25 percent discount for immediate full payment, this rarely occurs.

Nonpayment is claimed to be a problem, but not a major one. Although the subdividers retain the right to reclaim the property and keep all the payments in case of a default extending beyond two months, in practice, they are lenient about delays. In most cases, the full price is paid eventually. Purchasers are not allowed to begin construction until the land has been paid for; however, another letter can be signed stating that the buyer may start building but will forfeit both the land and the building in case of default. In most cases, people appear to lack the cash to finance both the land purchase and construction simultaneously; thus, the ability to purchase undeveloped land on an installment basis is a crucial factor that

enables low-income families to pursue the informal development of housing.

Roads and access paths are designated in the site plan, but little else is provided in the way of infrastructure or services. Usually a four- to five-meter strip is left for both access and drainage, but it is the responsibility of individual occupants to develop these facilities. For larger locations (five hectares or more), some land is set aside for public facilities; eventually, title to this land is turned over to the neighborhood government. The location of public land is usually determined by its being the one or two lots that remain unsold.

The financial return from this type of informal development activity appears sound. The sale price of a building lot is usually two or more times the price the subdividers paid. Typical costs of subdividing are estimated to total a quarter of the initial land price (table 1). Based on these costs, a compounded annual rate of return of 20 percent can be calculated for a three-year period, the typical payment period of an installment purchase agreement. This assumes that the subdividers are paying for the land during the same period of time they are receiving payments from individual lot buyers. Therefore, in assessing the rate of return, it should be noted that it is calculated on the initial land price and not on the initial equity involved, which is little or nothing.

The preceding example is typical of subdividers found in many cities. Differences from other examples can usually be tied to the market being

TABLE 1
Typical Costs of Informal Subdivision

Costs	% of Land Price
First intermediary	2.5
Second intermediary	5.0
Payments to local officials	2.0
Surveying of land	0.5
Land for roads and services	15.0
Total	25.0

Source: R. Struyk, M. Hoffman, and H. Katsura. *The Market for Shelter in Urban Indonesia*. Washington, D.C.: Urban Institute, 1990.

served. Subdivision for sale to lower income households, for example, often does not involve the surveying of plots by the local land office. Instead, the subdivider stakes out the plots himself. Thus, there is a greater potential for future land disputes and less efficient provision of access paths and roads. In addition, lot sizes are smaller and more irregular and, when developed, have greater building coverage. Similarly, payment terms are more likely to be tailored to individual buyer needs. A common arrangement for small, inexpensive sites is a 50 percent down payment with the balance to be paid within a year, but a wide variety of arrangements exist.

Four aspects of the subdivision process described above contribute to the informal nature of the land development process:

- application of local development plans,
- enforcement of subdivision standards,
- transfer of land title, and
- compliance with building standards.

Local plans. One of the major ways in which local plans are intended to be enforced or implemented in Indonesia is through the awarding of development permits (*ijin lokasi*). The permitting process is tied to the acquisition and titling of land rights for development, but issuance of the permit requires consideration of local plans for land use, infrastructure, environmental impact, and so on. In general, the permitting process is the main formal entry point for coordinating development with local planning. The type of informal subdivision described above sidesteps this process.

Subdivision standards. While practice varies from municipality to municipality, the general subdivision procedure involves the approval of project site plans by either the local planning office or the head of the municipality. The informal land development process avoids the approval process, and the formal application of subdivision standards does not occur.

Land title. In the case of the informal land development process just described, the individual lot purchaser obtains a legal but unregistered title (*hak girik*) to the land. If the subdivider purchased a site with clear traditional title, this will be passed on to the individual lot buyer who can, if he wants to incur the cost, register the land. Such unregistered but wholly legal land rights are held by approximately 24 percent of all urban homeowners. Whether the title should be termed informal is questionable; although

it remains unregistered, it is legal. It conveys, in theory, the same ownership rights as a registered title (*hak milik*), but most formal sector lenders will not accept it as collateral. In addition, if the owner's property is acquired for development, he may not receive as much for his land as a similar parcel with registered title.

Building standards. Survey data show that only 43 percent of all urban households have building permits. In general, the reasons for this are that homeowners view the process of obtaining such a permit as costly, complex, and requiring a degree of documentation that the average urban household rarely possesses (e.g., technical drawings). Further, a registered land title is often one of the supporting documents needed for a building permit; thus, homeowners who obtain their land as discussed above would be precluded. Housing built on land developed in this fashion generally does not adhere to building codes or standards.

One of the peculiar aspects of the type of informal development described above is that, in Indonesia, although a wide range of formal regulations is ignored or circumvented, there nevertheless is a marginal link to formality. In the main this occurs through neighborhood officials rather than through city officials, who are authorized to deal with the development approval process. The officials involved are the *lurah* (urban village or ward head), the *rukun warga* (neighborhood head), and the *rukun tetangga* (subneighborhood or community head). Only the *lurah* is a full-time, paid, government official.

It would be very unlikely for any subdivider to enter an area, acquire land, and begin to sell parcels without having met with the *lurah* and obtained his approval. While there are no legal or administrative standards governing such approvals, there would be at least a rough assessment on the part of the *lurah* as to whether or not the proposed site is suitable for housing. The *lurah's* judgment is not necessarily consistent with official plans. To the extent that he has a financial interest in land development—if not as a principal, then as a paid witness to all land transactions in his area—he may well promote development that official planners have not intended.

Similarly, it is rare to find a homeowner who constructs a dwelling or makes a major addition without consulting the *lurah*, or at least the *rukun warga* or *rukun tetangga*. Again, it would be an extraordinary case if the official opposed construction. However, some of these officials do talk to the owner about his

construction plans and make suggestions about drainage, sanitation, and so on.

Such land development is informal in the sense that it avoids or ignores many of the formal permitting and regulatory procedures designed by the state to control and guide development. Yet the picture is more complex. Neighborhood officials do not implement fixed legal standards, but they do exercise general supervision of development in their areas. The informal conversations that are held are viewed as sufficient by both the homeowners and neighborhood officials.

Various municipal departments are intended to enforce regulations related to land development. Owners who are in the process of construction sometimes report being contacted by someone from the government who asks to see their building permit. The issue is generally resolved by an immediate small payment to the official; homeowners are not generally forced to obtain a formal permit. Overall, local governments recognize that they do not have the capacity—staff, vehicles, and so on—to enforce many regulations in residential areas.

The Results of Informal Land Development

It is possible to make an assessment of the type of housing associated with informal land development in Jakarta by looking at land status (table 2). All indicators of housing quality, except water, decrease as land status changes from registered to unregistered legal to unregistered quasi-legal. Although most of the indicators of structure and infrastructure quality decrease fairly evenly by land status, electricity and neighborhood services on unregistered legal and quasi-legal land lag substantially behind that provided to registered land owners. Thus, formally developed areas have better neighborhood services.

Those aspects of housing quality under the control of individual homeowners appear to fare better than those that are linked to the government, such as garbage collection and street paving. As to overall quality, housing on informally developed land such as described above is of serviceable quality; it is not as good as formally developed units, but it is not

TABLE 2
Housing Quality Indicators by Land Status

Indicator	Registered Land	Unregistered Legal Land	Unregistered Quasi-legal Land
<i>Structure</i>			
No. of rooms (mean)	5.2	4.5	3.7
Unit size (mean m ²)	119	72	66
Lot size (mean m ²)	185	145	96
Durable walls (% with)	92	79	68
<i>Infrastructure</i>			
Electricity (mean watts)	1,192	546	517
Toilet (% private)	94	85	78
Bath (% private)	93	84	77
Drinking water (% with on-site)	74	80	50
Other water (% with on-site)	92	97	82
<i>Neighborhood Services</i>			
Garbage collection (% having)	83	54	56
Paved streets (% having)	66	47	46
Adequate drainage (% having)	78	64	57

Source: M. Hoffman and T. Marbun. *Unregistered Land Rights: Their Role in Improving Housing Quality*. Jakarta, Indonesia: Urban Institute and Hasfarm Dian Konsultan, 1990.

among the worst urban housing. A similar analysis that looked at all urban housing in Indonesia came to a parallel conclusion: household income, rather than formal or informal land development, was the major factor associated with housing quality.

Another area of interest is the availability of housing finance for households on informally developed land. Overall, the number of households who receive a loan is very low in Indonesia; among all urban homeowners, only 9.1 percent report taking a loan from any source. For those who have moved recently—less than three years in their unit—the figure is slightly higher (12.9 percent).

Credit from banks and other formal lending institutions is provided almost exclusively to households with registered titles (table 3), a reflection of the fact that unregistered titles are usually not accepted as collateral by formal sector lenders. Informal households, who nonetheless receive nearly 44 percent of all loans, receive them mainly from employers and family members. The interesting conclusion is that, while households with unregistered title are almost as likely to borrow as those with registered title, the source of financing differs widely.

Regularization and Deregulation: Creating a Practical Balance

The preceding description of informal land development and its associated housing indicates that some paths of informal land development lead to acceptable housing when compared to formally developed areas. Nevertheless, such informal development also has certain shortcomings from the perspective of both the community and the individual household. Recently, various proposals have been advanced for legalizing or formalizing informal development by regularizing such development or deregulating it. These concepts are discussed below in relation to the land development process described above.

Regularizing informal development implies bringing informal development within the legal and regulatory framework by redesigning regulatory measures to reflect the realities of such development processes. Deregulating development implies a similar end, but places emphasis more on market forces and less on revised regulation. In other words, informal development is made legal by eliminating regulations rather than by redesigning them. The two approaches represent two ends of a continuum.

TABLE 3
Housing Finance by Land Status
(% of households)

	Registered Land	Unregistered Land
All loans	56.3	43.7
Loans by source		
Formal lender	93.6	6.4
Informal lender	28.5	71.5

Note: Informal lenders include cooperatives, employers, family members, friends, and money lenders.
Source: M. Hoffman and T. Marbun. *Unregistered Land Rights: Their Role in Improving Housing Quality*. Jakarta, Indonesia: Urban Institute and Hasfarm Dian Konsultan, 1990.

The focus needs to be on finding the point along the continuum that represents the appropriate mix of government and market actions.

Local plans. It could be argued that neighborhood services are worse in informally developed areas because the areas were not developed in conformity with existing plans. Since such areas are, in effect, already deregulated, the question is whether regularizing them would result in better services. In theory, regularization implies acceptance of these areas by the local government. Therefore, it should follow that they would receive basic infrastructure and services. In practice, however, low-income areas receive less in the way of services, and that factor appears more important than whether the land was developed formally or informally. Thus, whether or not it is called regularization, what is needed is government acceptance of informally developed areas and the redirection of greater amounts of basic infrastructure to such areas.

Subdivision standards. Informally developed areas are already deregulated in reference to subdivision standards. To a limited extent, the application of realistic standards might improve the quality of housing and services in these areas. However, it appears that many of these areas have reasonable layouts and, in fact, are not suffering from the lack of such standards. The cost of attempting to apply even a limited set of standards might well outweigh the marginal benefits that would be received.

Alternatively, acceptance of an approach such as guided land development, in which the municipality simply marks plots and then allows the landowners to develop as they please, seems to be an appropriate mix of regularization and deregulation. It could bring some benefit to the area in terms of minimal street widths and rational plot layout without unreasonably increasing the cost of housing.

Land title. Partial *de facto* deregulation of land rights already exists in Indonesia. The situation has tended to benefit low-income homeowners, as it provides a less costly path to the acquisition of housing. However, as urban development and redevelopment pressures increase, the fragility of such rights also increases. Thus, while *de facto* deregulation has been serviceable in the past, in the near future something more will be needed to prevent further deterioration in the tenure security of informally developed land.

In this situation, deregulation alone is insufficient, as land title and tenure security are ultimately guaranteed by the government. Some approach toward regularization of informal land rights is appropriate. More suitable regulations are needed that reflect the needs of informally developed areas for greater tenure security. Further deregulation in this context would simply have the opposite effect.

Building standards. Building permits, in Indonesia, encompass a range of concerns, from site planning to land use to technical construction standards. In brief, the permitting process tends to be cumbersome and impossible to apply to low- and moderate-income dwellings. Even among homeowners who have a permit, compliance with regulatory requirements and standards is tentative at best.

To regularize such a situation would theoretically be possible through the design of appropriate standards, but care would need to be taken to limit the scope of the regulations. Implementing any regulation as comprehensive and wide-ranging as subdivision and building codes is bound to fail for practical reasons of administration and enforcement.

It is suggested that low-income households be allowed—with minor limitations—to build whatever kind of housing they can afford. Homeowners have shown a desire to improve their housing when financing is available. Indeed, one of the lessons of the earlier discussion of housing quality is that greater similarities appear between formally and informally developed housing in those aspects of quality that are under the control of the individual unit owner.

Thus, increasing income levels and making housing finance available may do a lot more to increase housing quality than any regulations.

Designing a Practical Approach

Several points emerge from the above discussion that are important to consider in thinking about regularization and deregulation in practical terms.

First is the issue of emphasis. Whenever possible, the market should be used as the primary mechanism for development. This, of course, argues in favor of deregulation over regularization. Given the growth of development and urbanization, the practical and financial constraints on administration and enforcement are great. Thus, any attempt to increase regulatory activity would be problematic. The decision to regularize informal development should be weighed against the *de facto* deregulation that currently exists, in which case it would add to the regulatory burden, rather than against the existing regulatory framework, which generally is not being implemented.

It is also important to determine whether the government's involvement is mandatory (i.e., Is the market absolutely unable to solve the problem?) or simply desirable (i.e., Is the market able to create a second-best solution to the problem?). Regularization is appropriate in the first case, deregulation in the second.

Next, it is necessary to consider each situation individually and to differentiate between those issues that are critical and those that are merely desirable. This will often require a hard look at conventional wisdom and a determination on the part of governments and donors that it is better to regulate a small but important point effectively than to regulate everything ineffectively. In other words, it is important to consider the scope of the regulatory exercise as well as the appropriate level of standards.

For example, in Jakarta, several critical issues concerning potable water and sanitation can only be addressed by the government. These are aimed at objectives such as permitting recharge of the aquifer by appropriate land coverage requirements and establishing appropriate techniques for waste disposal to limit further deterioration of the water resource base. The key is not to design regulations reflecting an ideal set of standards, but to determine which issues are of critical importance and to focus a limited regulatory approach on those points.

■ Less Is More: The Benefits of Minimal Land Development Regulation

■ by

David E. Dowall

■ Less Is More: The Benefits of Minimal Land Development Regulation

In the cities of most developing countries, the legal, formal sector is largely irrelevant in terms of meeting the basic shelter needs of low- and moderate-income households. Housing that is delivered within the confines of legally sanctioned procedures is normally affordable only to those earning at or above the median household income. Thus, those households earning less are forced to look elsewhere for shelter. In virtually all cases, the search leads to the informal sector, where government rules and regulations associated with formal housing production are, by necessity, ignored. In the most desperate cases, low-income settlers invade land and make no payment for plots. While squatting was prevalent in the 1960s and 1970s, it is less widespread today. Now it is more common for informal settlements to develop on illegally subdivided land that is either rented or sold. The major outcome of these informal approaches is the relatively efficient production of low-cost shelter.

For many years, governments and policy analysts viewed informal settlements as slums needing eradication. Such views were based on misconceptions, including a common belief that informal settlements are chaotic and pose threats to public safety and health. While there are examples of precarious settlements on hillsides and floodplains, much informal development is planned and follows quite acceptable standards.

More recently, policies toward informal housing development have been shifting. Now it is commonly recognized that informal housing is a valuable capital asset that should not be eradicated. Perhaps more important, there is a growing recognition that informal sector housing production is an important overall component of the housing supply system. In the past several years, researchers and policy analysts have stressed the importance of making housing markets work more efficiently by removing burdensome regulations.

A direct relationship exists between government regulation of housing and land development and the informal housing production sector. The informal sector exists because of the constraints of government regulations. Remove them, and the blemish of informal development is eliminated. What were informal settlements become low-cost housing subdivisions. Without regulations, the marketplace will determine what households are willing and able to purchase in terms of housing services.

Such an overtly *laissez faire* position ignores the fact that housing developments generate significant externalities, such as water pollution, traffic congestion, and soil erosion. Residents of housing projects demand public services, schools, clinics, and police protection. The relevant policy question is: At what minimum level of regulation can concerns about housing affordability and access by the poor be balanced with broader community-wide interests? While this short paper cannot possibly provide a definitive answer to this question, it does offer some insights to the cost of high regulations.

The Effect of Government Policies

Many cities around the world use master plans, zoning, subdivision regulations, and building codes to control development. These regulations are normally adopted to help protect the urban and natural environment, coordinate development with infrastructure capacity, and maintain and enhance the property values of neighborhoods. Quite often, the planning systems and regulations adopted by local authorities in developing countries replicate those used in developed countries.

In the course of adopting these regulations, little thought is given to the potential cost of the controls. For example, how will minimum lot size standards affect lot costs? This is unfortunate, since there is

ample evidence that excessive land use and development controls drive up housing costs, thereby reducing affordability.

Government regulation of land use and land development affects land and housing markets in three broad ways:

- land supply constraints,
- excessive plot size standards and subdivision design, and
- procedural delays.

Land Supply Constraints

Restrictions on the supply of land and the density of residential development greatly affect land costs. Zoning regulations, if they restrict the supply of land available for development below that which would normally be exchanged in the market, operate to increase land prices. The supply of residentially zoned land is often limited when communities attempt to maintain environmental quality or fiscal position by designating land for open space, agricultural use, or for more fiscally desirable commercial or industrial activities. These patterns can be found in developing countries as well, as the following examples illustrate.

Three government policies have constrained the supply of developable land in Seoul, Korea: strong zoning policies that restrict the conversion of agricultural land; a greenbelt policy that blocks the outward expansion of the city; and land readjustment methods linked with monopolistic administrative practices that force land prices to increase.

In Seoul, the precipitous increase in land and housing prices is challenging the stability of the government. Land prices in metropolitan Seoul are increasing at an annual rate of over 25 percent. According to a recent study by the Korean Research Institute for Human Settlements, the annual increase in land values in 1988 exceeded the annual wage income for all of the country's workers.

In Karachi, Pakistan, despite the fact that 90 percent of the land is in public ownership, the supply of serviced plots is constrained as a result of the lack of infrastructure. As a consequence, land and housing prices have increased 11 percent annually—far faster than household income. This has resulted in an acceleration of the development of informal sector settlements during the 1970s and 1980s, as more and more low- and moderate-income households were priced out of the housing market. Informal unplanned areas (*katchi abadi*) accounted for one-third of the land converted to residential use in Karachi between 1970 and 1987 (table 1).

In India, urban land use controls and policies have a dramatic impact on land supply and price. India has had land use planning controls since the 1950s. In the 1960s, policies were expanded and urban renewal schemes and public development authorities were established. One of the most alarming trends in India has been the rapid growth of slum areas. As of 1983, India's slums housed between 32 and 40 million people and were growing considerably faster than the overall urban population. Land price inflation has been enormous. In Bombay, for example, land prices increased by 720 percent between 1966 and 1981. The Urban Land Ceiling Act, adopted in

TABLE 1
Land Converted to Residential Use
Karachi, Pakistan (1970–87)

Kilometers to Central Business District	Acres Converted to Residential Use		Informally Developed Areas as a % of Total
	Informally Dev. Areas	Planned Areas	
0–5	100	641	13.5
5.1–10	700	2,716	20.5
10.1–15	4,700	2,219	67.9
Over 15	1,000	7,604	11.6
Total	6,500	13,180	33.0

Source: D. Dowall. *Karachi Land and Housing Market Assessment*. Washington, D.C.: PADCO, 1989.

1976 in an effort to check speculation, has caused substantial problems: significant reductions in the supply of land for residential development, creation of a vast black market for real estate, and an overall worsening of housing affordability in India's major urban areas.

Another problem generated by zoning and master planning is the lack of reality represented in the plans. The land use and zoning plan of Serpong, Indonesia, allocates only 34 percent of the total planned area for residential development. Only about 15 percent of the residential area is accessible and has infrastructure. Thus, the actual developable land in Serpong is limited to less than 30 square kilometers. The remainder is set aside for agricultural and open space uses, roads, and nonresidential activities.

While master plans are prescriptions of what should or ought to be, government officials frequently treat them as given and program infrastructure into areas where there is limited demand. In Serpong, some of the areas designated on the master plan as residential development have no settlements and many areas with informal settlements (*kampung*s) are not zoned for residential development (figure 1).

Subdivision Standards

Throughout the developing world, the most common land use problem is high subdivision standards. In case after case, municipal governments set very high regulations for subdivision layouts. The net result of these high levels is that the minimum cost of plots is normally beyond what households can afford. In addition to reducing the supply of land for residential development, regulations governing land development standards restrict the intensity of development by requiring large plot sizes or excessive amounts of land for circulation and open space within subdivisions. Large lot size requirements increase the minimum price of residential lots. While large-lot zoning reduces the per-acre price of raw land, the reduction in price is often offset by the requirement to buy larger lots.

In Karachi, land subdivision regulations stipulate large residential plots: more than 60 square yards each. In Malaysia, land use regulations and standards add considerably to housing costs. The area provided for roads in the typical Malaysian subdivision is up to four times greater than in comparable North American or Western European projects.

About a quarter of the land set aside in the average subdivision is wasted. The streets are too wide, the set-backs too great, and land is set aside for redundant community facilities.

In terms of subdivision standards, four factors influence the cost of developing plots: plot frontage, block length, street width, and infrastructure standards. A model developed by Bertaud can be used to assess the impact of various alternatives.

Plot prices and development costs vary according to plot frontage. Based on a hypothetical but realistic case, and assuming an average plot size of 35 square meters, the most profitable frontage width is between 4.0 and 4.25 meters (figure 2). For plots of this size, the developer's per-plot profit will be maximized. Two competing factors are at work. With narrow lots, more lots can be subdivided within each block. This reduces the per-plot cost of streets and infrastructure. On the other hand, narrow plots mean that the houses will have narrow rooms and be less attractive to potential buyers. Thus, prices for very narrow plots are quite low.

Variations in block length can significantly impact subdivision costs (figure 3). As the overall length of blocks increases, economies can be achieved in road space and infrastructure deployment.

Street width impacts plot development costs as well (figure 4). As the width of roads increases, development costs increase. This is because of two factors: wider roads are more expensive to construct, and wider roads take up more space, leaving less marketable area.

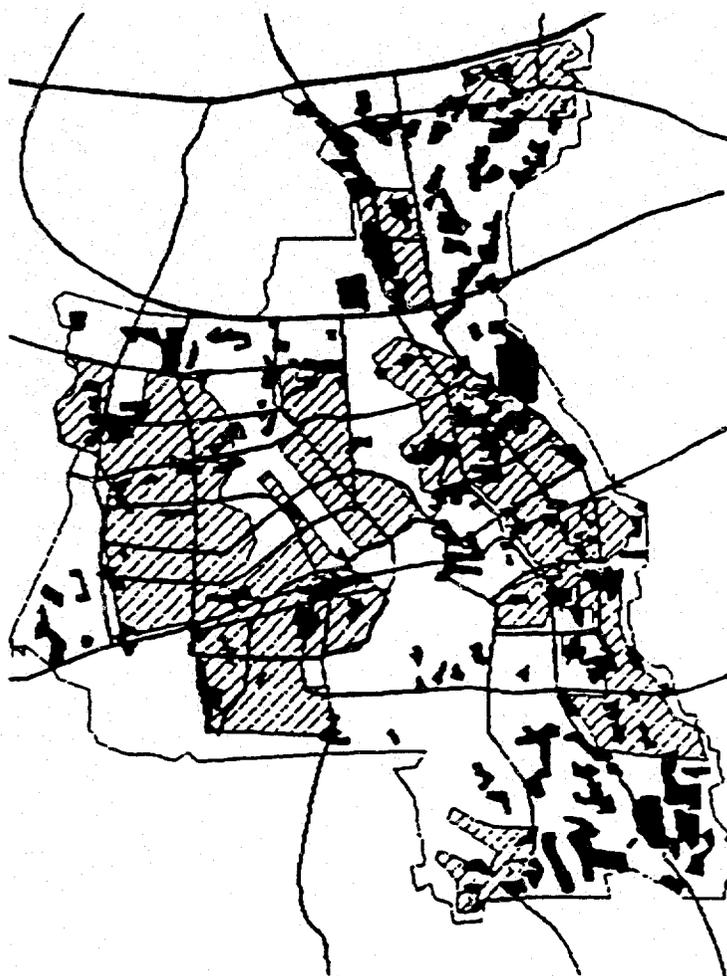
Changing infrastructure standards, such as the types of acceptable road surface materials or the diameter of water pipes, can also influence the cost of plot developments.

In Malaysia, excessive subdivision standards pertaining to plot sizes, setbacks, street widths, community facilities, and retention ponds make it possible to market only 28 to 47 percent of a subdivision's land. This range is far less than the 60 to 70 percent of land that is marketable in other countries, making housing costs in Malaysia extremely sensitive to land costs.

Lot costs can be dramatically reduced by lowering standards. Vastly lower standards can legitimize the informal production of plots and make it easier for informal sector developers to deliver plots in the marketplace.

FIGURE 1

Master Plan Projections, Serpong, Indonesia

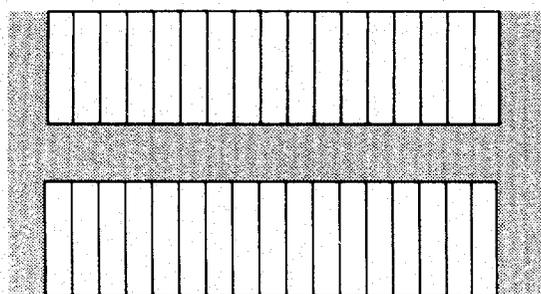


-  Area zoned residential in 2005
-  Planned trunk infrastructure
-  Existing settlement

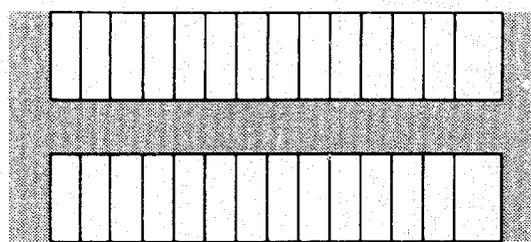
Source: A. Bertaud. "The Regulatory Environment of Urban Land in Indonesia: Constraints Imposed on the Poor." Unpublished memorandum. World Bank, Washington, D.C., 1989.

FIGURE 2

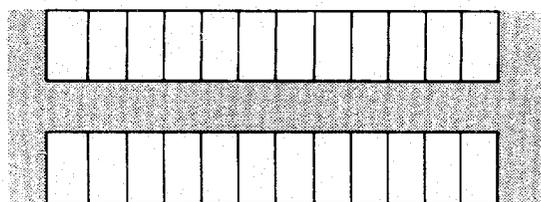
Variation in Development Costs and Plot Prices by Plot Frontage
(plot area = 35 m²)



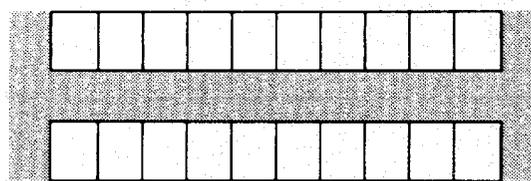
Plot frontage = 2.75 meters



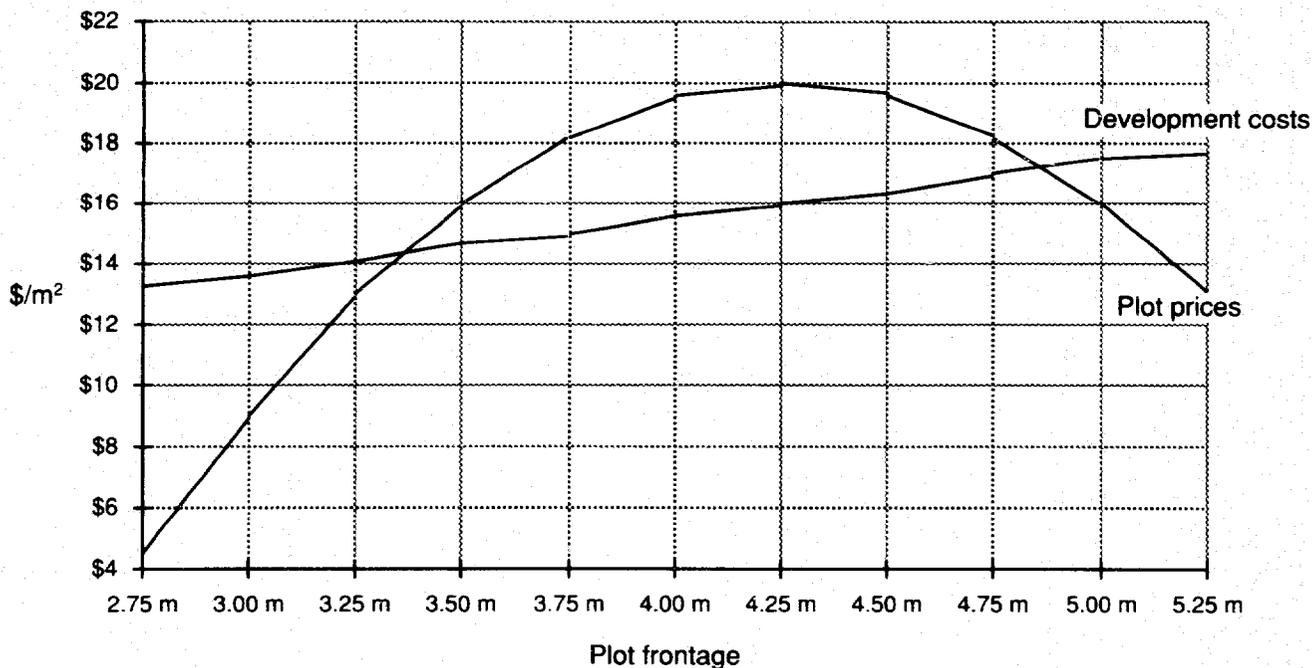
Plot frontage = 3.50 meters



Plot frontage = 4.25 meters



Plot frontage = 5.00 meters



Source: A. Bertaud, M. Bertaud, and J. Wright, Jr. "Efficiency in Land Use and Infrastructure Design: An Application of the Bertaud Model." Infrastructure and Urban Development Department Report no. INU 17. World Bank, Washington, D.C., 1988.

FIGURE 3

Variation in Development Costs by Block Length

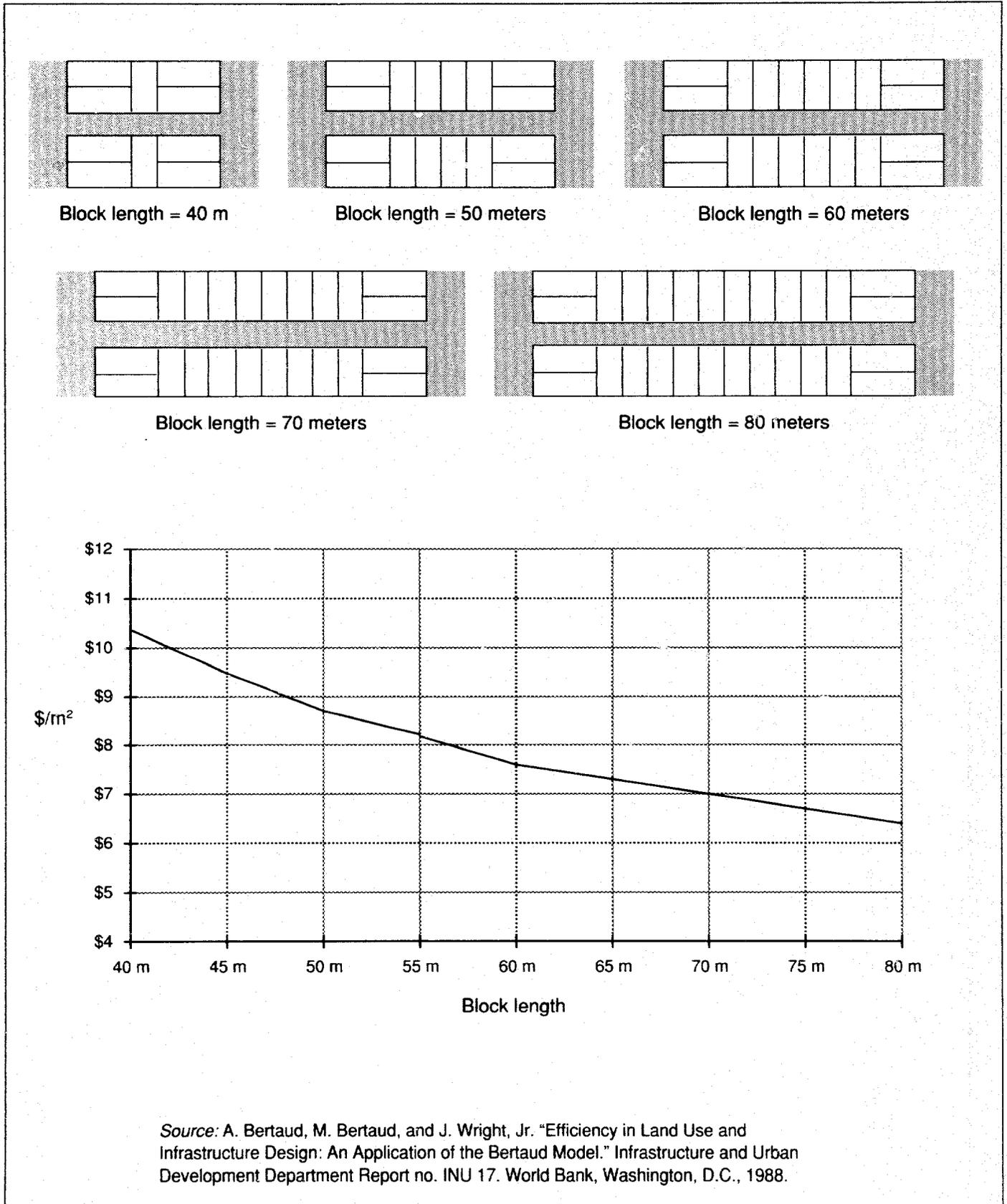
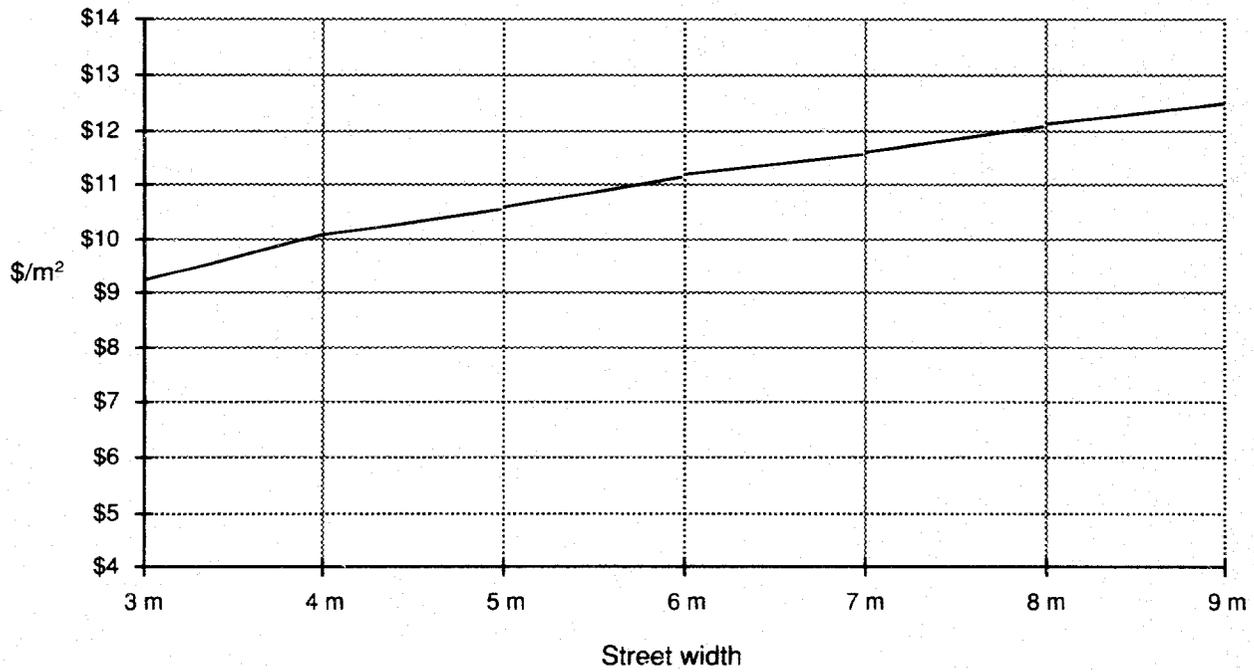
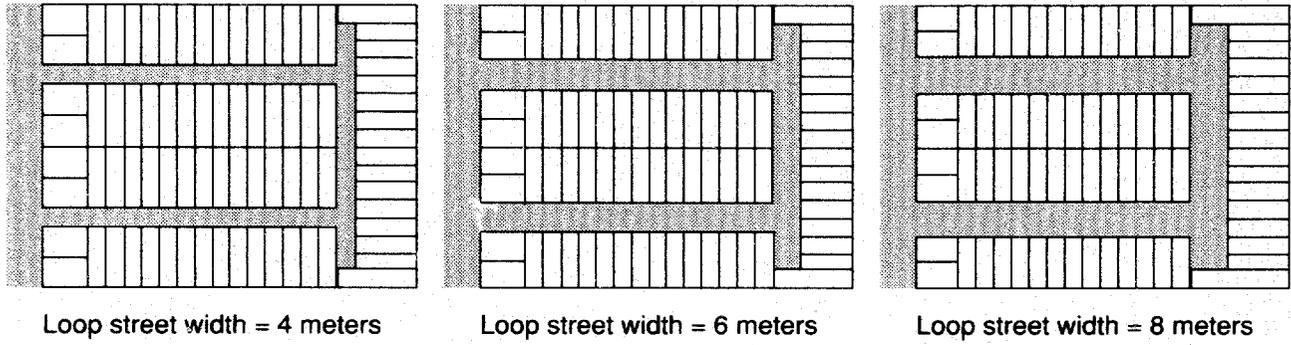


FIGURE 4

Variation in Development Costs by Street Width



Source: A. Bertaud, M. Bertaud, and J. Wright, Jr. "Efficiency in Land Use and Infrastructure Design: An Application of the Bertaud Model." Infrastructure and Urban Development Department Report no. INU 17. World Bank, Washington, D.C., 1988.

Besides raising the cost of plot development, land subdivision regulations limit the ability of developers to respond to rising land costs by altering the design of subdivisions. As land prices increase, strict plot size or circulation requirements can make it difficult to build at higher densities.

A flexible response is possible in Bangkok, where land prices have increased dramatically over the past three years. The price of serviced and unserviced residential plots increased by 21 and 37 percent, respectively, between 1988 and 1990 (table 2). As a result, developers in Bangkok dramatically shifted their production of affordable housing from townhouses to condominium units, developing denser projects on smaller sites.

Developers in Bangkok, like elsewhere, are interested in building housing that is profitable. When unconstrained by regulations, they will provide a product that is attractive and affordable to the consumer.

Procedural Delays

The final way in which government regulations influence land and housing costs is through regulatory complexity. Complicated procedures for obtaining development permission make it difficult for developers to respond quickly to changing housing demand and create barriers for new firms wanting to build and sell housing.

A comparison of the systems of development approval in Malaysia and Thailand is instructive. Newly-built housing prices in Malaysia increased by an annual rate of nearly 19 percent between 1972 and 1982, a rate about triple the overall increase in consumer prices. The rise in Malaysia's housing prices resulted from a combination of high government-imposed housing standards, the sluggish response of the housing industry, high housing demand, and overly complex and time-consuming housing project approval procedures. For example, it takes between five and eight years to obtain the necessary permits from 15 to 20 government agencies for subdivision approval. A growing demand in combination with a five- to eight-year lag in housing supply contributed to rapid housing price increases. In Thailand, in sharp contrast, it takes about five months to secure subdivision approval from five government agencies.

Liberalizing Land and Housing Markets

Land use regulations have a powerful influence on the process and cost of land and housing production. Regulations impede land supply, increase the cost of residential plots, and limit the ability of developers to respond to housing demand. Complicated approval procedures limit housing market competi-

TABLE 2
Price Trends for Serviced and Unserviced Residential Plots
 Bangkok, Thailand (in 1990 baht/square WAH)

Kilometers from City Center	Serviced Plots				% Annual Increase	Unserviced Plots			% Annual Increase
	1988	1989	1990			1988	1989	1990	
0-5	63,930	67,313	74,812	8.2	-	-	-	-	
6-10	32,209	37,201	43,898	16.7	15,712	17,038	20,393	13.9	
11-20	14,633	17,465	21,684	21.7	5,416	6,634	9,419	31.9	
21-30	9,553	13,083	15,356	26.8	3,123	4,235	5,920	37.7	
Over 30	4,081	5,464	7,582	36.3	1,553	2,103	3,342	46.7	
All distances	23,348	27,566	34,129	20.9	4,898	5,822	9,191	37.0	

Notes: In 1990, 25.5 baht = US\$1; 1 square WAH = 4 square meters.

Source: PADCO and Land Institute Foundation. *Bangkok Land and Housing Market Assessment*. Washington, D.C., PADCO, 1990.

tion by creating barriers to entry. They also make the housing market slow to adjust production to meet changes in demand. All in all, regulations make the initial price of housing more expensive than it might be otherwise.

This paper raises two fundamental public policy questions. The first is: Should governments be legislating standards that less than half of their citizens can afford? The answer is no. The second is: How should governments go about liberalizing land and housing markets? The remainder of the paper turns to this question.

Most governments in developing countries are ill informed when they prepare land use plans and set subdivision controls. They are simply unaware of what is going on in local land markets. Visits to the planning offices of most large cities in developing countries reveal how little is known about patterns of urban land development, the number of housing units built (both formally and informally) in the past year, land and housing prices, rents for office buildings and factories, infrastructure deployment patterns, land subdivision patterns, and so on. Given the important role that governments play in shaping land market outcomes, it is extremely important that they understand the implications of their investment and regulatory decisions.

To eliminate the unfortunate impacts of well-intentioned regulations and policies, governments can undertake a thorough assessment of the urban land markets of their major cities and towns. A land market assessment can serve as an important first step for reforming government regulations. It can be used to answer questions such as the following:

- Is the supply of urban serviced land expanding to meet growing population and employment needs?
- Which land uses are growing the fastest?
- Where is urban land conversion taking place?
- Where is urban land conversion outstripping the supply of serviced land?
- Are land prices increasing faster than the overall rate of inflation?
- Where are land prices the highest, and where are land prices increasing the fastest?
- How much land is being provided with minimum services needed for urban development in the future?

- Is enough infrastructure being programmed to accommodate urban growth for the next five years?
- Is the price and affordability of housing and commercial and industrial space changing, and are occupancy costs greater now than before?
- Are planning standards and building codes pushing up housing prices?
- Which segments of the population do not have access to housing produced by the formal private sector?
- Are specific public policies or actions constraining the land market?

Land market assessments can also be used to provide estimates of future urban land requirements. They can help guide infrastructure programming and investment decisions and the development of land use planning policies. For example, land market assessments can be used to estimate the demand for residential plots and commercial and industrial space requirements associated with projections of population and employment. In San Pedro Sula, Honduras, a strategic land development process was designed to promote the supply of land for future growth.

Understanding the link between land supply and subdivision regulations is the first step toward liberalization of land and housing markets. The second step is to determine how design and infrastructure standards can be reduced. Technical assistance to both public and private sector planners can be helpful. Attention must be given to design and site planning, infrastructure engineering, and budgeting.

In addition, decisions must be made about the appropriate level of standards. Should design and infrastructure standards vary across neighborhoods and cities to allow for lower cost developments? Should standards be designed to start low and increase over time as residents' income and ability to pay increase? The goal should be an affordable level of standards.

A third step toward reforming land markets is to rethink the role of public and private land developers, especially in countries where land development is controlled by the public sector. In study after study, public land development is identified as a critical constraining factor that limits the responsiveness of land and housing markets to demand. This step will test the abilities of governments to

privatize public land development agencies and promote vigorous competition in land and housing markets among private enterprises. In such an environment, the government's role is to guide and facilitate urban development.

The fourth and final step toward liberalizing land and housing markets requires attention to the existing stock of informally developed housing. Policies must be established to regularize such housing stock in a cost-effective and cost-recoverable manner.

■ The Institute for Liberty and Democracy's Property Rights Program

■ by

Albert Alex Forsyth

■ The Institute for Liberty and Democracy's Property Rights Program

The Institute for Liberty and Democracy (ILD) in Peru began research on property rights issues in 1984. The magnitude of the problem soon became apparent. In order to convince the government to act on the issue, the ILD mobilized public opinion. A series of biweekly articles on the issues of popular housing, lack of secure title, obstacles to formal credit, and bureaucratic constraints to obtaining rights to land was published from 1985 to 1986.

As a result of the public education campaign, public awareness of the inequities in property rights increased. The ILD received hundreds of requests for formal action to correct the situation.

Subsequently, the ILD urged the government to activate the Office of the Defender of the People (ODP), an independent entity within the attorney general's office that was authorized by the Peruvian constitution. The ODP's purpose is to identify inefficient regulations and bureaucratic practices and to receive citizens' complaints. By law, Peruvian ministries must take action on the ODP's suggestions for reform. Following the ODP's establishment, the ILD encouraged those with housing complaints to voice their concerns. In three months, the ODP received over 300,000 complaints.

Although the ILD called for a major initiative to deal with the need for secure land title, a first proposal by the president proved inadequate. The ILD proposed a revised version that had been reviewed and widely discussed by members of informal housing settlements and neighborhood residents' associations. It included provisions for a property registry and a mortgage program.

Widespread grass-roots support for the property rights proposal strongly influenced Peru's politicians. In November 1988, the ILD's proposed property rights law was enacted with full support from all political parties. Detailed regulations governing implementation of the law were developed and

passed in 1989. The new property registry system was officially inaugurated in January 1990.

Since then, the ILD has also been pursuing the program to link property rights and credit in order to open the door to formal sources of credit for residents of informally developed communities. The program will allow informal settlers to use their legally secured property as collateral for bank loans.

The Need for Property Rights

As in much of the developing world, property rights in Peru are often insecure. This uncertainty results in serious economic loss for individuals, their communities, and the nation as a whole. In its research in Peru, the ILD has found that secure property rights serve to

- encourage those who hold them to add value to their property by investing or combining such assets productively. The ILD found that over the same 10-year period, the value of real estate held by informal settlers who had obtained secure property rights was nine times greater than the value of property held by informal settlers without secure rights.
- facilitate access to credit, since registered titles may be offered as collateral to secure loans. Without secure property rights, informal settlers are unable to obtain mortgage-based credit. Since most informal settlers have no other form of collateral acceptable to financial institutions, they are effectively denied access to the formal credit market.
- prevent arbitrary eviction of property owners or occupancy of property by third parties without consent. The ILD found that informal settlers are reluctant to leave their land unattended for fear it will be occupied by someone else. This results in

increased transaction costs for businesses in these communities. Informal settlers also hesitate to rent their property, fearing that the tenant will take possession and thus deny them this source of income.

- minimize disputes and litigation over ownership. The ILD found that informal settlers, formal landowners, and the government are often locked in lengthy and costly disputes to determine ownership of land. No practical solution is possible until a universally recognized, impartially administered, and easily accessible registration system is established.
- reduce social antagonisms by extending to all citizens economic opportunities which have been available only to a few. This is particularly critical in Peru, where frustration and anger over inequalities have led to violence and terrorism.

In order to provide secure property rights to all citizens, the ILD determined that the government must recognize property rights at low cost and protect such rights through legal institutions whose operating procedures do not present overwhelming obstacles to those who use them. These guidelines were incorporated in the recently passed property rights law.

The Property Registry System

The ILD found that providing property rights for the poor was not an easy task. The most serious problem was the inefficient and cumbersome existing public registry. Created 100 years ago and based on a Spanish model from 1861, the public registry was not designed for a nation with continuing urban migration and vast informal settlements.

The number of properties registered spoke eloquently of the public registry's inefficiency. In more than 100 years of operation, the public registry had recorded only 40 percent of formally developed properties in Lima and less than 5 percent of informally developed properties. The ILD calculated that it took informal settlers two years to obtain title using the public registry, at a cost of more than 70 times the minimum wage.

This cumbersome registration system excluded the vast majority of informal settlers, who live with the uncertainty of insecure property rights and the resulting economic loss. One example is the loss of economies of scale in developing the land.

The normal sequence of events in acquiring property is that the owner first purchases the land; then installs water, sewage, and electricity; then builds his house; and finally moves in with his furniture and personal belongings. Informal settlers follow exactly the reverse sequence. An informal settler first takes possession of the land; then moves in with his furniture and personal belongings; then builds a house; and later tears down a portion of the house to install water, sewage, and electricity. The informal settlers' backward approach to land development involves loss of the economies of scale that are possible when large tracts of land are developed rationally prior to constructing houses on them.

The existing public registry could not respond to the needs of residents in informally developed settlements (more than 600,000 houses in Lima alone). The new property registry system is designed to answer three key questions about the property: Who is the owner of the property? Where is the property located? What encumbrances exist on the property? The system is not designed to deal with extraneous issues, such as whether property taxes have been paid or whether certain administrative procedures have been completed.

Three basic principles have been incorporated in the new property registry system: simplification, deregulation, and decentralization. The system has been simplified by reducing the cost of the registration procedure, eliminating duplicate requirements, and relying on readily available documentation to validate information. For example, notarized public deeds have been replaced by easy-to-complete, printed forms; notarized building certificates have been replaced by printed forms and photographs.

The system has been deregulated by transferring decision-making power over certain matters from the public registrar to private parties or to the users of the system. In many cases, government officials have been replaced by private inspectors. Also, through the elected members of the board of directors, users are able to participate in the management of the registry.

The system has been decentralized by delegating decision-making powers to registration offices that are physically located in the areas covered by the registry. The old public registry had only a central office in the capital city. Now, 11 independent property registries are being created throughout the country. Decentralization will considerably reduce the cost of the service to those living outside of Lima.

The registration process itself has also been changed. Usually property registries are structured as service windows where users present their documents for registration. Under the new property registry system, teams composed of a lawyer, an engineer or architect, and a member of the neighborhood association work in the field to collect the required information from informal settlers and register their property.

The results achieved with the new property registry system speak for themselves. Since it was inaugurated on January 20, 1990, more than 30,000 land titles have been registered at 1 percent of the previous cost.

Operation of the Property Registry System

The major innovation of the new registry is to provide, for the first time under Peruvian law, for the legal recognition of common law property rights in informal settlements, provided that the municipalities in which the settlements are located have first recognized the existence of the settlements. The system grants registered property holders in informal settlements the same property rights as those enjoyed by owners of formal properties: the right to sell, lease, rent, or use the property as collateral for a loan. The new registry reduces the time needed to obtain these rights from four years to less than one month and reduces the cost by 99 percent.

In the registration process, the property is first identified according to its physical location. Also, the basic characteristics of any buildings on the land are recorded using a standard printed form. In order to be registered, a house must be constructed of permanent materials and must measure at least 25 meters square. Its basic characteristics are recorded on the printed form by either an architect or an engineer, acting as a private inspector.

Once the property is registered, common law ownership by a given individual is validated, thus establishing that individual's rights over the asset. Common law ownership is validated by one of two means:

- presentation of a certificate of possession from the municipality
- written certification from the informal settlers' housing association or—if no housing associa-

tion exists—by signed statements from six of the settlers' neighbors

In the latter case, to avoid the possibility of fraud, the possessor of the property must also present two further documents that prove his occupancy, such as payment receipts for water or electrical bills.

Once the lot and property have been registered and common law ownership has been validated, a certificate of registry is issued to the owner, giving him the same rights to that property as those enjoyed by any formal property owner. According to Peruvian law, this includes the right to transfer the property (through sale, gift, exchange, and so on); the right to lease or rent the property to a third party; and the right to place a mortgage on the property.

Information required by the property registry system is managed through a customized computer system which uses a series of interconnected data bases. The software can be duplicated for use in any of Peru's 11 regions.

Implementation Strategy

After the property rights law and its regulations were enacted, a strategy was designed to implement the new registry system and assure its survival and expansion in spite of possible opponents.

Although the property rights law authorized the establishment of one registry per region, implementation efforts were concentrated initially in the capital city of Lima, which houses one-third of the population of the country (seven million people) and more than 60 percent of the informally developed shelter. An expanded strategy was developed to broaden public support for the registry and reduce vulnerability to the risk of political changes.

The strategy had three major objectives:

- to divide implementation of the registry system,
- to create political and economic incentives to support the registry system, and
- to expand awareness that the new registry system is part of an overall property rights program.

The registry system was divided into regional registries so that its implementation and management depend not on one person or political party, but on several. Because all of Peru's political parties participated when the law creating the registry system was

passed, their involvement and approval of the implementation process is virtually assured.

Political and economic incentives were created to draw support for the property registry system from the entire political spectrum. Although property rights are key issues in all political campaigns, a system for titling and registering these rights had never been devised. The new system permits the registration of property which had never been registered before; it is also designed for the recording of property titles on a large scale. For example, it will allow property in the city of Lima to be titled and registered in a period of five years. For this reason, the new system is politically attractive to regional leaders, district mayors, and leaders of political organizations. The registry enables these political leaders to provide an important service to their constituents.

Economic incentives were created for two groups. A public campaign was directed to potential registry beneficiaries, showing them the advantages of the new system compared to the traditional one. In addition, the leaders of informal housing associations were incorporated as participants in the large-scale titling plan, thus benefiting their communities and enhancing their personal political support.

Finally, awareness was created that the new registry system is part of an overall property rights program. In fact, the ILD drafted a law conferring the same rights to rural property holders, and it was enacted in October 1990. The expansion of the property registry system to rural areas is now underway.

The implementation strategy was carried out through the creation of regional registries, an intensive publicity campaign, and a large-scale titling plan.

In order to avoid having the new registry be completely dependent on the central government, regional registries were established under the jurisdiction of the regional governments. Two of the largest regions—Nor Oriental del Marañón in the north and Arequipa in the south—have signed agreements with the ILD to establish the registry in their regions. Each region is controlled by a different political party.

Negotiations with both regions were lengthy, but agreements have been signed by the two regional presidents and approved by the regional assemblies. An important element of these agreements is the plan to expand the registry system to rural areas,

since these two regions have a significant number of rural property owners. In addition, because these two regions are located in the middle of the southern and northern areas of the country, it is likely to be easier to develop registries in neighboring regions.

The publicity campaign emphasized several issues: What is the property registry system, and how does it work? What are its advantages? What is the large-scale titling plan, and how does it work? What is the role of neighborhood organizations and municipalities? How many titles have been awarded and registered in the pilot project? What is the potential for expanding the system to other kinds of assets, such as rural and communal property? The campaign was launched nationwide with television and radio announcements, newspaper advertisements, and billboards placed on the most important avenues in Lima.

Large-Scale Titling Plan

The objective of the large-scale titling plan was to title and register a minimum of 30,000 informally developed properties by the end of July 1990, when the president's five-year term concluded. The plan had two goals: to test the efficiency of the registry system and obtain feedback from the informal settlers and to ensure the continuation of the registry system by making a massive registration.

The registry model developed in metropolitan Lima contained several important elements. In an effort to reach more people more quickly, registry personnel went directly to the people to obtain the necessary information on their properties. The field work involved two-person technical teams (a lawyer and an architect or an engineer) who were responsible for measuring and describing the property, collecting and certifying required documents, and transferring all information to the regional property registry.

The ILD worked very closely with leaders of the local residents' associations to implement the pilot program. A member of each association worked with the field registration teams and played a key role in making the system work since he knew the layout of the informal settlement and had the trust of the residents.

The field work required that agreements be reached with the residents' organizations and also with the municipalities in which the settlements were lo-

cated. A great deal of time was spent negotiating with municipal authorities to obtain their cooperation in the process. Subsequently, municipalities have provided information on the layout of informal settlements in their districts and have helped by lending offices in various parts of their jurisdictions for registry personnel doing field work. An important aspect of municipal involvement in the registry system has been the authorities' help in promoting the new system within their jurisdictions.

The first phase of the pilot program was carried out over a two-week period in early January 1990. The ILD worked in three of the largest informal settlements in Lima. In that two-week period, 210 properties were registered. Titles were awarded to the informal settlers during the president's formal inauguration of the property registry system on January 20, 1990.

The pilot program attracted considerable attention among residents of other informal settlements. The Huaycan settlement requested that the ILD work with their residents' association to implement a large-scale titling program. In this case, meetings were organized with the leaders of Huaycan's 14 sectors. Each sector then held its own general assembly, at which the registry program was explained and approved.

Two ILD field teams were organized for the initiative in Huaycan. These teams, working closely with the residents' association, registered a total of 5,000 properties during March 1990. A special titling ceremony was organized in early May by the residents of the settlement.

Another interested community was Tablada de Lurín, one of the oldest informal settlements in Lima. Leaders of the residents' association organized a general assembly to discuss the initiative, which more than 1,000 settlers attended. The ILD fielded teams that registered 2,000 properties in Tablada de Lurín.

In Villa El Salvador, a pilot registration program was requested by the residents of two sectors, and 500 properties were registered.

Since these initial registrations were completed in May 1990, the ILD has received many direct requests from other communities to implement large-scale titling programs.

■ An agreement was signed to title 21,000 properties in Independencia between May and October of 1990.

■ An agreement was signed to title properties in San Juan de Lurigancho. With 400,000 residents in 150 settlements and housing associations, it is one of the largest municipalities in Lima.

■ An agreement was signed to register some 10,000 urban settlers as well as 1,500 *parceleros* (farmers of land that was previously organized as cooperatives by the state) in Carabayllo.

■ An agreement was signed to register 40,000 properties in six months in Villa El Salvador. The residents' association has 110 subassociations representing 250,000 residents, making it the largest in Peru and one of the largest in the world.

The results of the large-scale titling plan are very good. By the end of July 1990, 30,000 properties had been registered in several informally developed settlements of metropolitan Lima. By the end of September, 6,000 more registrations were in process, and more than 100,000 requests for registration had been received.

■ Land Tenure in Jordan: Informal Markets and the Resolution of Problems

■ by
Gerald Erbach

■ Land Tenure in Jordan: Informal Markets and the Resolution of Problems

Jordan is a rapidly developing country with very high levels of population growth and urbanization. More than 60 percent of its estimated 3.3 million people live in urban areas. Close to half the population is located in the greater Amman-Zarqa area alone. The country is also in a period of transition between traditional and modern land use, tenure, and titling systems. The resolution of urban land conflicts resulting from these factors has required close cooperation between the public and private sectors.

This paper examines Jordanian land use and tenure patterns, conditions that contribute to the development of informal land markets in the greater Amman area, and the approaches used by the government to make the best of informal markets and improve the provision of residential land for low-income families. Downzoning, land redivision, and the legalization and titling of informally subdivided neighborhoods are three ways in which the government carries out this task. The paper also briefly reviews a recent experience in regularizing informal land tenure in Fez, Morocco.

Land Tenure in Jordan

The present land tenure pattern in Jordan is a traditional one based essentially on Islamic law and the Ottoman Code of 1858. Significant modifications were made to the code by the Land Settlement Law of 1933 in order to deal with land in urban areas more effectively.

Prior to the creation of the modern state of Jordan and application of the Land Settlement Law, two basic types of land tenure existed:

- *amiri* land, which could be freely bought and sold, even though the state retained access rights to the land or ultimate control over its use (e.g., farms, forests, and pasture land); and
 - inalienable lands that were previously *amiri* land but whose full ownership rights were given to certain individuals by the great sultans.
- Much of *amiri* land was held as tribal land based on a traditional form of multiple ownership called *musha'a*. Under this system, land was held in common and every member of the tribe was attributed a share. Village elders periodically redistributed these lands in response to deaths, inheritance, and other changes in the community in order to consolidate land holdings. Despite such readjustments, the traditional *musha'a* system led to increasingly fragmented land holdings.
- Current land tenure categories were established by the Land Settlement Law of 1933 and reflect the importance the Jordanian government has placed on fostering private landownership. Most residential urban land today is individually owned and registered with legal title. Less than 30 percent of land in nondesert areas is state owned. Land tenure categories currently in force include
- *mulk* land, which is located within municipal boundaries and owned under full private ownership or freehold rights.
 - *miri* land, which is primarily agricultural land located outside municipal boundaries. In this case, the owner has use of the land, with full right to invest and dispose of it, while the state retains access to the land and ultimate rights over its use.
 - *waqf* or inalienable land, which cannot be subdivided or removed from the possession of an owner or his descendants. In many cases, this type of land belongs to charitable or religious institutions and is used for benevolent purposes. It also may be privately inherited.
 - relinquished land, which has development potential but has not been used or developed by individuals. These lands belong to the state.

■ barren land, which cannot be used for human activity because of its rugged surface, difficult climate, or unsuitable environment. These lands also belong to the state.

The Land Settlement Law of 1933 provided for the settlement of formal titles to landownership. As a result, *musha'a* land was registered in the names of individual shareholders and the fragmented pattern of ownership became legally established. Because no provision was made for the future redistribution of land to reflect community changes, fragmentation continued and joint holdings became common. Present Jordanian law does not prevent the continued creation of joint landownership in either urban (*mulk*) or agricultural (*miri*) areas.

While collective ownership in the past was frequently held by a village or tribe, *musha'a* in the urban context applies to any parcel of land that has more than one owner. Islamic inheritance customs and laws, through which land owned by the deceased is divided among the heirs, has increased significantly the number of urban properties now held under joint ownership. In addition, owners often register their plots in the names of their heirs in order to avoid having to pay land transfer taxes or fees.

The superimposition of modern concepts of private landownership on traditional land tenure systems has contributed to a number of urban land problems, including uncertain tenure and the development of informal land markets. These problems exist primarily in the greater Amman-Zarqa area and have required special interventions by the government and the application of new legal and administrative approaches for managing urban land.

Factors Contributing to Informal Land Markets

Informal land markets can be described as those operating outside the regulatory system that governs land transactions and development. In Jordan, such markets exist in refugee camps, a limited number of squatter areas, peripheral areas in which planning and zoning regulations have not been respected, and, most commonly, in large areas of tribal lands in the Ruseifa-Zarqa area. These areas are located immediately to the east of greater Amman and cover well over a thousand hectares. While formal ownership of the land belongs to the state, effective ownership is in the hands of certain tribal leaders and their

descendants based on claims to inalienable rights under the traditional land tenure system.

Increasing demand for housing by low- and moderate-income families has led to the proliferation of unregistered and informal subdivisions in this area in the last few years. Because the land is bought informally and involves a certain degree of risk in terms of tenure, land prices have been five to ten times lower than those in formal land markets. The Ruseifa-Zarqa area includes the only significant land markets close to greater Amman where the cost of a plot is affordable to the majority of low- and moderate-income families desiring to build.

Several factors have contributed to the increasing scope and importance of informal land markets in the greater Amman area. These include planning and zoning practices, formal land market conditions, and government fiscal policies and administrative capacities.

Planning and Zoning Practices

The conventional interpretation of current planning legislation is that all land within municipal boundaries is available for urban development. New urban land is created simply by extending municipal boundaries. During a long period of rapid urban growth and land speculation, local authorities actively competed to release land for new development. As a result, vast areas of urban land were opened up as municipalities sought to attract new residential development, increase their own tax revenues, and use their impressive physical growth to lobby the central government for major investments in roads and other infrastructure. In most cases, the amount of newly-zoned land has been sufficient to accommodate two to three times the existing population. In greater Amman, for example, approved land use plans cover about 220 square kilometers or roughly 44 percent of the total area. At present rates of population growth, planned residential areas could accommodate roughly 3.3 million people, a population level that will not be reached for another 20 to 25 years.

Although there are no effective controls over the location and timing of new development, planning authorities have the power to refuse building permits where proposed development is outside the priority development zones identified in master plans. In addition, permits can be denied for building in locations where infrastructure services are not

available. Such refusals, however, have been very infrequent.

Development can take place after the approval of local subdivision plans, which are usually prepared once a master plan is approved. Subdivision plans and subsequent applications for building permits can be approved with no further consideration of the availability of local infrastructure.

Zoning regulations in Jordan have been in effect for more than 22 years. They govern land use, building bulk and height, plot coverage, setbacks, and parking requirements. They are easily understood and widely applied. Residential zones, for example, are divided into five major categories: A, B, C, D, and E, with minimum plot sizes ranging from 1,000 square meters to 150 square meters (figure 1). The most noticeable outcome of these zoning practices has been the predominance of plots in the larger residential categories of A and B. Statistics from the Department of Lands and Surveys (DLS) show that 90 percent of the newly registered plots in Amman in 1986 were categories A and B, 8 percent were category C, and only 2 percent were categories D and E.

The main reason for zoning so much of the newly-planned areas as categories A and B has been the perception by both landowners and municipalities that such plots would produce higher prices and development fees than smaller plots in areas with less social status. This perception proved true. As a result of speculation, extremely high land prices were reached in a number of areas zoned as categories A and B.

Existing zoning regulations, however, do not control residential densities. The same building height limitations have been applied to all plot sizes, and there are no controls over the type of residential building to be constructed on a specific size plot. Villas can be built next to apartment buildings, resulting in wide variations in density within residential areas.

Formal Land Market Conditions

Although no urban area in Jordan has a shortage of land zoned for residential use, large plot sizes and high land prices make land inaccessible to middle and lower income households. There is a growing mismatch between supply and demand as a result of the shortage of formal land plots small enough to be affordable to the majority of urban households. Land speculation, a disincentive to sell, and high initial

costs for land have continued despite a slowdown in Jordan's economy.

Land speculation and a disincentive to sell have kept vacant plots in formally zoned areas off the market and have contributed directly to the development of informal markets. The oversupply of vacant urban land has not resulted in a reduction in land prices. The explanation lies in understanding the difference between the potential supply of land and that which is actually for sale on the market at any one time.

There is, in fact, very little land available in formal markets for moderate- and low-income housing development. This can be attributed to

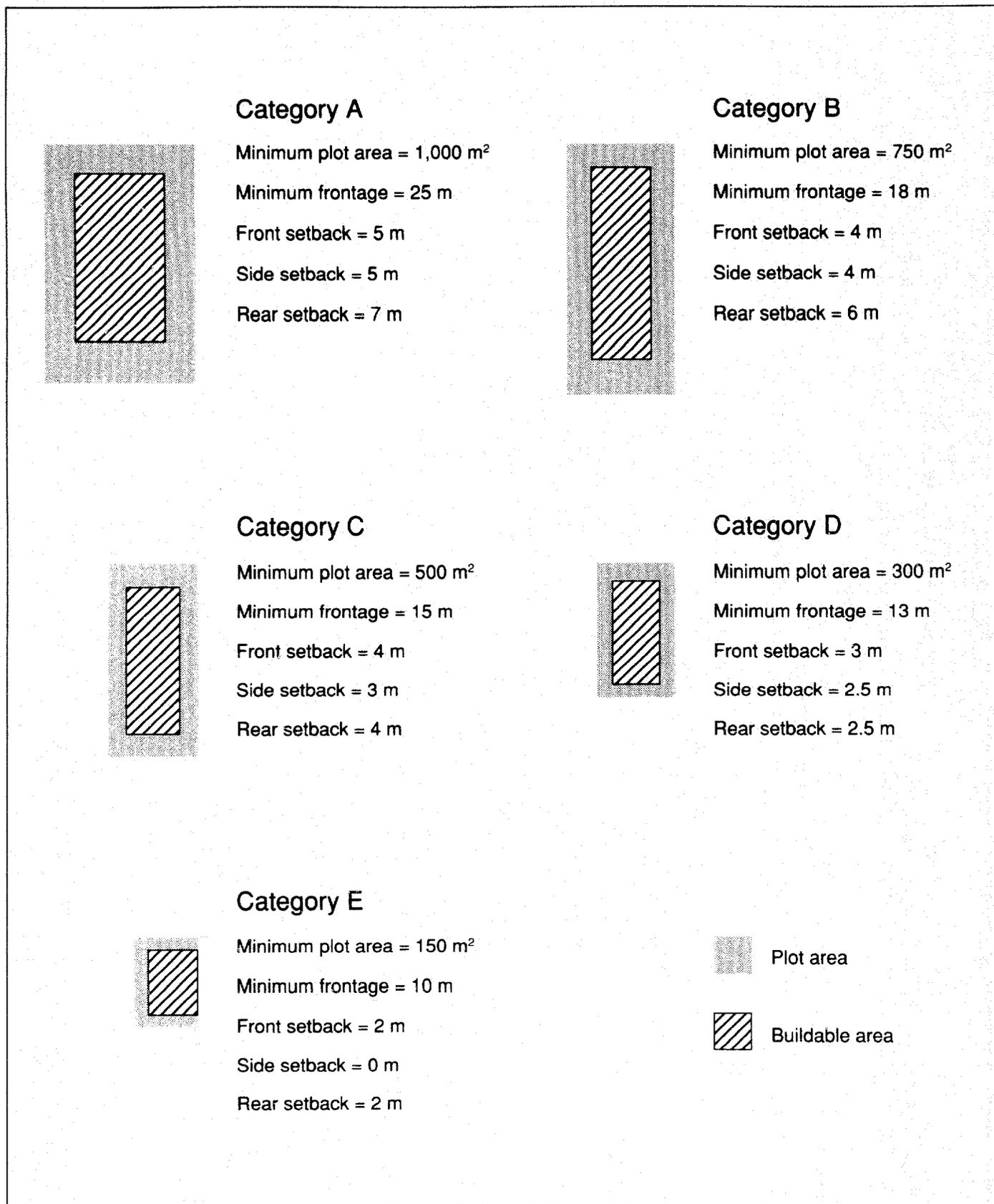
- a lack of monetary disincentives for holding urban land in an unused state (e.g., no vacant lands tax, municipal ground rent, or real property tax is applied to vacant plots);
- a lack of monetary incentives for building on vacant and serviced land considered to be prime for development; and
- the large number of plots that are jointly owned under *musha'a*.

In 1984–85 in Amman, nearly 40 percent of the plots registered in categories A and B were co-owned, as were about 20 percent of the plots registered in category C. Many of these plots were too small to be subdivided among co-owners because the resulting areas would be less than the minimum of 150 square meters required under category E. In 1987, the amount of urban land in greater Amman that was held under joint ownership and too small to be legally subdivided included a total area of 558.3 hectares, 9,266 parcels, and 38,988 co-owners. In addition, a large number of jointly owned parcels with areas that could be legally divided among owners remained undeveloped as a result of legal problems related to subdivision and building charges. While joint owners possess recognized occupancy rights, they have little experience with the division or transfer of these property rights.

The high cost of legal-sized residential plots also forces many would-be homebuilders to seek lower priced land in informal markets. Because it is virtually impossible to obtain financing for the purchase of land, households desiring to build a new house must have a considerable amount of cash to buy land. They are obliged to rely on inheritances, savings, remittances, inter-family loans, and other cashed-in financial assets. It is not unusual for plots

FIGURE 1

Residential Zoning Categories in Amman, Jordan



zoned as category C (i.e., a minimum of 500 square meters) to cost upwards of JD 10,000 in cash.

Government Fiscal Policies and Administrative Capacities

In Jordan, a 10 percent transfer tax is assessed every time a property changes hands. The tax has been easy to apply through the DLS and has produced considerable revenue for the government. In highly speculative land markets, most buyers and sellers have been willing to pay the tax. Nevertheless, the tax presents a serious constraint to the development of serviced plots and construction of housing affordable to low-income families. Land transactions in informal markets avoid the tax, which effectively reduces the price of the land by 10 percent.

The DLS is the sole reference for verifying landownership and rights. Only properties that are formally registered with the DLS are recognized legally. Several shortcomings, however, prevent the DLS from keeping the information in its records up-to-date and accurate, resulting in a greater tolerance for informal land markets.

The DLS is not always informed of changes in actual land use that occur as a result of development. If, for example, a road is built dividing a parcel into more than one distinct area, this change may not be indicated on ownership maps possessed by individuals. Private landowners usually will not inform the DLS of changes on their land unless they are obliged to go to the department for some other reason. If procedures were developed to transfer provisions for roads and public facilities from the master plan directly to DLS maps, the size and shape of the affected land parcels could be corrected without asking owners to pay additional fees or taxes.

Many parcels have been developed and buildings constructed without the DLS being informed. Of an estimated 110,000 housing units in Amman, only about 8,000 are indicated on documents registered with the DLS. Requiring an up-to-date registration plan and papers before any development is allowed is one way of correcting this problem.

Finally, many lands remain registered under the names of deceased persons in order to avoid additional property transfer fees and taxes. Given that the formal transfer of land to heirs is optional, the DLS would be better served if those inheriting the land were not required to pay fees or taxes related to the transfer of title.

Approaches Used to Resolve Current Land Problems

To deal with growing informal land markets and increasing situations of irregular tenure, the government has developed a number of operational approaches that include downzoning, land redivision, and the titling of plots in informal settlements.

Downzoning

In zoned areas where new development does not conform to existing zoning requirements for high-standard plots, downzoning can be used to provide a more accurate match between desired and actual development. Regulations can be relaxed at the request of local landowners to allow smaller plots and higher density development to continue.

The downzoning of an area involves the revision of approved local development plans and modification of applicable zoning regulations. The majority of applications to date have allowed category C plots (i.e., a minimum of 500 square meters) within areas previously zoned for categories A or B. In other cases, parking standards have been lowered.

In addition, the Greater Amman Comprehensive Development Plan calls for accommodating a considerable part of the future demand for smaller sized plots in new and rezoned areas to the south and east of the city. Downzoning will be applied to change selected residential areas previously zoned as categories B and C to category D (i.e., a minimum plot size of 300 square meters). This process will be applied only to areas where the informal modification of land development standards has already produced a significant number of plots of this size.

The downzoning approach has several advantages. First, it makes more appropriate and efficient use of vacant lands zoned for higher income development by converting them to smaller plots before most roads and infrastructure are in place. It creates greater opportunity for lower income families by increasing the supply of smaller plots to reflect demand, and it legalizes informal development already underway. It provides clear title to smaller plots, thus allowing low-income owners to apply for housing loans from the Jordan Housing Bank.

A major problem in the application of downzoning, however, involves the compensation that the government may have to pay to individual landowners to expropriate the additional public area required.

Under current legislation, local authorities can acquire up to a quarter of any privately owned land parcel for public use (e.g., roads and infrastructure rights-of-way, schools, open space, and public buildings) without having to pay compensation. If more than a quarter of the parcel is required, compensation at market prices must be paid. Downzoning to plot sizes of 300 square meters and less can present very real costs to local authorities.

Land Redivision

Land redivision is one way the government currently deals with areas in which multiple ownership or irregular and fragmented parcels impede efficient urban development. Redivision enables municipalities to eliminate joint ownership and subdivide and redistribute residential land according to new considerations for roads, public places, utility networks, and so on. In redivision areas, municipalities legally can expropriate up to one-third of each plot without compensation to the owner. If the aggregate amount of land required for the provision of public facilities exceeds one-third of the plot, however, individual owners must be compensated at current market values.

Redivision legally empowers the municipal council to declare any area under its jurisdiction a subdivision area in which land readjustment can be carried out according to specifically prepared plans. Legal procedures are established for estimating the existing property and land rights of owners and occupiers, for defining and allocating new rights following reapportionment, for processing appeals, and for registering new parcels. The value of the real estate before and after distribution is estimated according to procedures that are also legally specified.

If redivision results in an owner having more land than he originally possessed, he must buy the difference at current market value, and the money is paid to those whose plots have decreased in size. A specific period is established for payments to be made, after which anyone willing to pay the required amount may purchase the property. A special account is opened from which money is borrowed to provide services and in which money gained from the sale of re-subdivided land is deposited.

An example of a slightly different approach to redivision is a reapportionment project in northern Amman that covers 700 hectares (figure 2). The project area was originally agricultural land with a

rugged topography and fragmented and unclear ownership patterns, which made land use planning under normal laws and procedures virtually impossible. A large quantity of land was owned by a few landowners, while the remainder was divided into small and irregularly shaped parcels, many of which were held under multiple ownership.

The project began in January 1985 and is based on land values rather than on the size of land holdings alone. A committee sets the initial price of land as well as the estimated market value of the improved land at the time of apportionment. For example, if a landowner owns one-third of a parcel of 3,000 square meters and the initial price of land is JD 10 per square meter, he receives a credit of JD 10,000. If the market value of the land after improvements is JD 20 per square meter, then the owner is entitled to a plot with a value equal to JD 10,000 or 500 square meters. To the extent possible, landowners are offered plots within the area of their original landholding.

The process of land redivision requires intensive administration and substantial lead time for planning and execution. Successful implementation is dependent on landowners agreeing to the valuation of their plots after improvements. There are also risks that services will be delayed in certain areas, and that plot development will be slow or out-of-phase with the provision of infrastructure.

An advantage of the redivision process is that it reduces the need for advance acquisition of urban land for public purposes. It represents a reasonable attempt on the part of local authorities to control urban land use, reduce co-ownership, fix land values, and create new land markets at reasonable prices. In addition, it utilizes methods that allow planners and decision makers to develop more comprehensive, long-range views of planning and environmental concerns; explore alternative approaches to developing compatible land uses; and strengthen the role of the decision-making process in dealing with land use issues.

The redivision approach also works well in dealing with small holdings and joint ownership. Many plot co-owners possess shares that are inadequate to allow them to obtain a new plot. In these cases, they can either sell their shares to others or attempt to buy enough shares from others to accumulate the necessary credit for a plot. At the end of the process, owners of new plots are presented with clear title to their holdings, which can be freely bought and sold.

Plot Retitling

The process of plot retitling in the Ruseifa-Zarqa area is perhaps the most important ongoing government activity related to the provision of land for low-income residential development. The area under consideration includes 2,300 hectares located primarily within the municipal boundaries of Ruseifa (figure 2). Part of this land was owned by the Phosphate Company, while the majority was marginal pasture land. Rights to the pasture lands were given verbally to certain tribes by King Abdallah in the 1920s. Since then, the informal sale of land rights through *hujjah* agreements (sale contracts witnessed by notary publics) has led to rapidly growing residential development.

In 1952, the government tried to reassert its right to this land by passing Law 40, which recognized only cultivated land in the area as being privately owned. All other lands were considered relinquished and were to revert to the state. Many nonfarming families already were living in the area, however, and the government did not press its claims. Rapid urban growth continued, and, in the early 1970s, considerable political pressure was brought to bear on the government to begin legalizing individual holdings. Branch offices of the DLS were set up in the area, and, since that time, have been occupied continuously with the retitling of plots.

As of 1987, most of the older settlement area on both sides of the Wadi Zarqa had been titled, with regularization of the remaining built-up areas well under way (figure 3). When finished, this phase will formalize tenure for 530 hectares of urban land having the capacity to hold roughly 150,000 people. The government has now focused its planning and titling efforts on the remaining 700 hectares of uncommitted land located north of the Yajouz Road. As of 1986, roughly 15 percent of the area was covered by dispersed residential development. When completely developed, the area will hold a population of approximately 175,000 persons. A much larger area of similarly held land is located north of the present site and west of Zarqa.

Informal settlement of tribal land in the Ruseifa-Zarqa area occurs in the following way. An individual interested in settling in the area will first make investigations about land availability and prices, either through relatives or friends who live in the area or own land there or through informal land agents (*simsars*). Most land parcels available in the

area are roughly square and about 500 square meters in size. The price per square meter ranges between JD 2 and JD 6, which is five to ten times less than that of legal plots in middle-income areas of the city zoned as category C. The buyer also knows he eventually will be charged a moderate fee when titling takes place and may have to pay a small fine for having built outside a planned area.

When a suitable plot is identified and terms agreed upon, a simple *hujjah* contract is made between seller and buyer, endorsed by two witnesses, and notarized. Once payment is made, the boundaries of the parcel are inspected and physically marked on the site. Planned road rights-of-way are generally known, and both buyers and sellers are careful to avoid them. Although buyers may hold their land in a vacant state for as long as they wish, most begin with some symbolic construction that includes a wall or boundary corners in order to avoid disputes or confusion.

When actually building, the owner must be careful to avoid the Joint State Land Committee, which frequently inspects the area. The committee has the power to destroy any work in progress, confiscate building tools, and levy fines. Since the committee does not work in the evening or on Fridays, most initial construction activity occurs during these times.

Once the building is roofed, it is considered inhabited and can no longer be demolished. At this point, building improvements or extensions can continue without further disruption by local authorities. Water supply is often provided by private tank trucks and electricity sold from private generators. The very high cost of these private services, however, encourages many owners to pay taxes and request municipal services. Payment of the property tax also provides an additional proof of ownership, as well as tacit acknowledgement by local authorities.

The planning and titling process is lengthy and requires that a number of government agencies work closely together. The Department of City and Village Planning in the Ministry of Municipal and Rural Affairs and the Environment (MMRAE) studies the area to be planned in terms of existing habitations, topography and other physical constraints, and existing and planned road networks. The planning process in this case is basically an exercise in reserving land for roads and public facilities. Standards commonly used by the MMRAE are applied, and existing areas are given zoning categories. This is

FIGURE 2

Location of Land Development Projects, Amman, Jordan

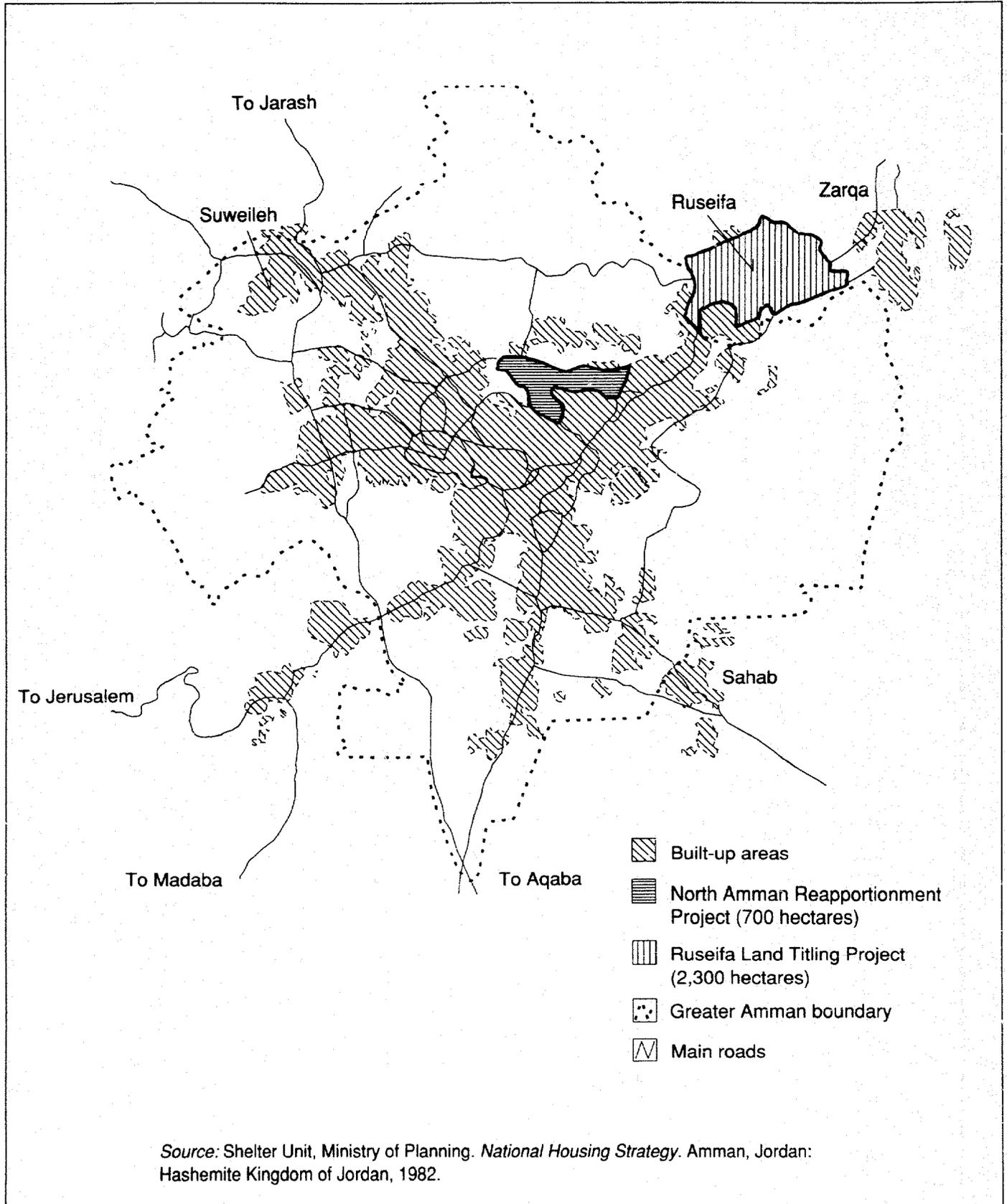
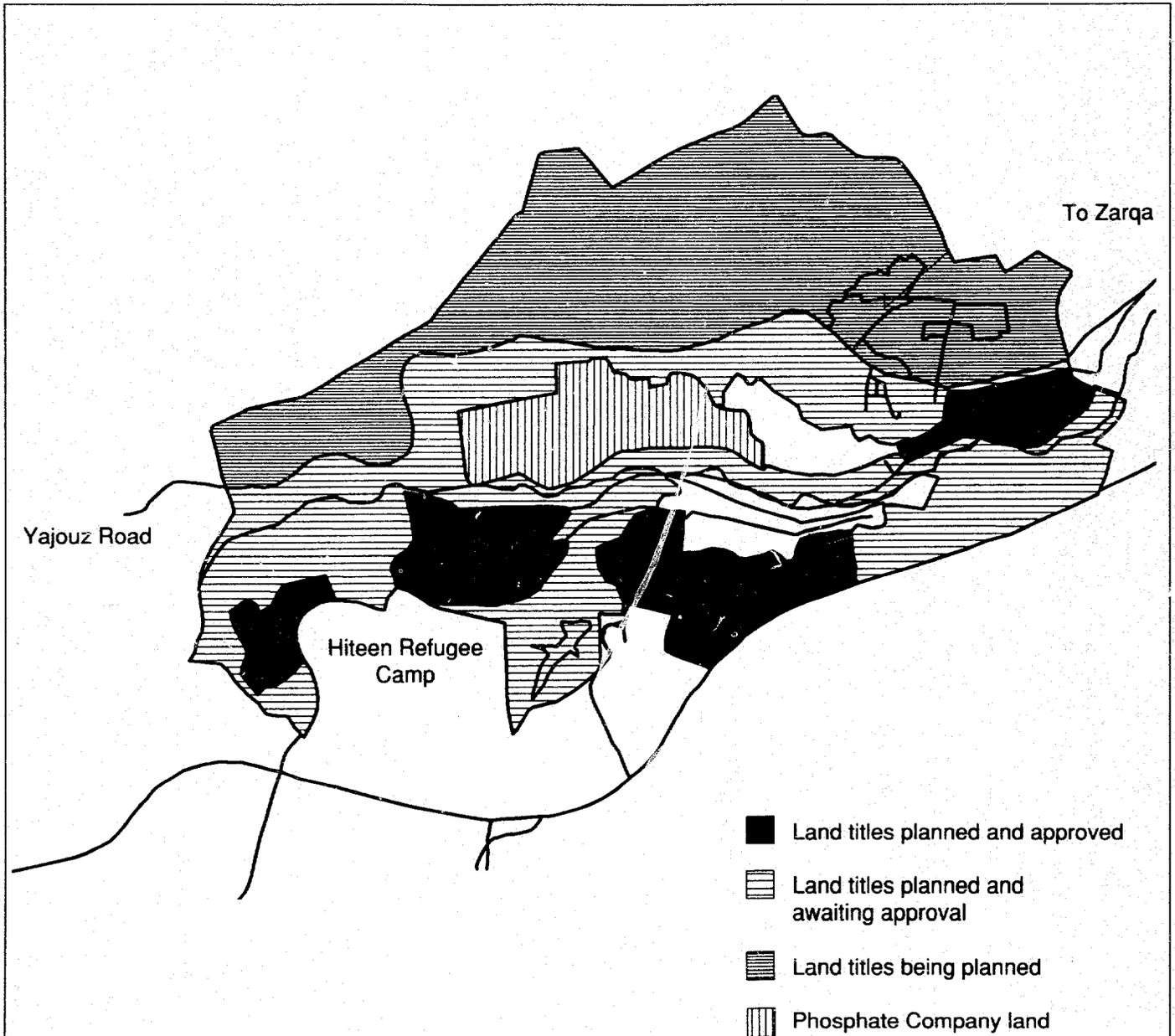


FIGURE 3
Land Titling Project, Ruseifa, Jordan



Source: Shelter Unit, Ministry of Planning. *National Housing Strategy*. Amman, Jordan: Hashemite Kingdom of Jordan, 1982.

essentially a recognition of the informal development that has already occurred. Unfortunately, no provision for plot rationalization or exchange is included in this process. There is also no attempt to reserve a portion of the land for government-sponsored low-income housing.

Once this plan has been completed, it must be approved by the minister of the MMRAE. It is then sent to the governor and is officially published for public review. Any objections must be registered within two months. If no objections are made, the plan is endorsed and returned to the MMRAE for final approval. The official plan is then sent to the municipality to be included in its infrastructure and public service programs and to the DLS for the titling of individual plots. With the recent democratization and decentralization of authority in Jordan, the municipality has assumed a much more active role in this process, particularly in the provision of trunk infrastructure and basic urban services.

The DLS begins the plot titling process by establishing survey controls using the center line of roads. It then begins to register plots and fix plot boundaries on a block-by-block basis. Normally, the name of the occupier of the plot is registered, the exact boundaries of the plot recorded, and fees assessed accordingly. The principal fee is based on the estimated value of the land, which averaged between JD 2 and JD 3 per square meter in 1986. Full title is issued after all fees are paid. If there are disputes over the ownership or if the owner of a plot cannot be found, the DLS suspends the titling process for the plot in question and moves on to the next. Other than that, little citizen participation is involved in the process.

The retitling of informally subdivided plots has been going on in the Ruseifa area for several years and is likely to continue well into the future. Experience with this approach has led to several findings:

- Informal land markets are perhaps the only way for families to avoid high land prices and large plot zoning requirements.
- Although the Ruseifa area is not particularly convenient for lower income families, it provides one of the few opportunities for low- and moderate-income families in the greater Amman area to meet the initial cost of land and obtain a plot on which to build.
- A significant degree of self-regulation exists in informal housing areas. Road rights-of-way are respected and housing is built of solid materials

and in accordance with most building and zoning regulations.

- The titling process is a labor-intensive and time-consuming activity that requires close coordination of government agencies; a high level of administration; and a dedicated, sustained effort by professional staff.
- Collection of any charges for the land is very difficult, since many families feel that they already have made a good faith payment for their plot. There is, however, a willingness to pay for infrastructure, provided a clear match exists between costs and the services supplied.
- Financing and phasing the installation of public utilities and services is a continuous, long-term concern for local authorities.

The Montfleuri Project in Fez, Morocco

The Montfleuri neighborhood upgrading project in Fez, Morocco, provides another example of positive public sector interaction with existing informal markets. Unlike Ruseifa, the illegality of tenure in this particular situation is due to unauthorized land subdivision and sale of plots, rather than initial uncertainty about land rights.

The project covers an area of roughly 300 hectares located immediately outside the municipal boundary of Fez. At the time the project began, approximately 50 hectares had been informally subdivided, involving roughly 1,000 illegal subdivisions ranging in size from 40 square meters to 300 square meters. The Montfleuri experience is significant for its high level of community involvement in managing and financing its own development.

The initial landownership pattern of the neighborhood included plots of one hectare or more, in compliance with 1953 regulations regarding areas immediately adjacent to municipal boundaries. These parcels had subsequently been divided into smaller and smaller land holdings that were well below the minimum permissible size and, in many cases, were jointly owned. As the neighborhood developed, land prices rose dramatically, and the demand for still smaller plots increased. In many cases, informal subdivisions were poorly laid out with no consideration given to immediately adjacent areas and land use. Because the land was subdivided and sold

without prior authorization, it was impossible to obtain formal title to the land.

The upgrading project in Montfleuri combines the downzoning approach with progressive legalization and titling of properties. The neighborhood residents' association (*amicale*) uses a step-by-step legalization process (progressing from subdivision authorization to building permit to sewer connection to occupancy permit and so on) to generate funds with which to finance needed infrastructure. The local authority will eventually benefit from economic development in the area and increased tax revenues.

An important aspect of the Montfleuri upgrading experience has been the involvement of its inhabitants. They have assisted in upgrading the existing neighborhood and established necessary community controls to prevent the proliferation of unauthorized land subdivision or construction. Crucial to the success of the project has been the opening of communication channels between private citizens and public authorities at both local and provincial levels.

The execution of the project has been characterized by three distinct phases of community involvement. The first phase began by freezing new subdivision development and housing construction in order to give local planning agencies adequate time to replan the area to meet current minimum standards for health and urban development. Public agencies were instructed to refuse new land registration and building permits in the area for a specified period of time. Local landowners and real estate agents were informed about the project and the reasons for temporarily stopping development. Residents were encouraged to form representative groups that included landowners, land developers involved in speculative operations, housing developers, intermediaries, and buyers.

The first phase essentially initiated an education process through which people developed a commitment to working for the benefit of the neighborhood. Experience was developed in negotiating and making necessary compromises to achieve common goals. An important outcome of this phase was the establishment of a residents' association to manage neighborhood development and control new subdivisions and housing.

The second phase of the project involved a series of discussions between public and private sector participants concerning the provision of infrastructure.

These discussions raised general interest in the upgrading approach to neighborhood development and contributed to the establishment of a constructive dialogue between public authorities and local residents.

Open discussions led to the development of a short-term strategy focused on obtaining further neighborhood opinions; providing the residents' association with a wider base of support and representation; identifying and subsequently isolating elements opposed to the upgrading experiment; and reducing continued, unauthorized informal development.

The purpose of the second phase was to legitimize the upgrading process. It included enhancing the role of the residents' association; establishing ground rules and obtaining agreement from all concerned parties on official procedures to be followed; continuing discussions to identify ways of ending unauthorized building activities; and providing the neighborhood with necessary infrastructure.

During phase three, efforts were devoted to fostering urban development in the neighborhood and reorganizing the residents' association. Urban development activities specifically included remapping replanned subdivisions and reviewing their occupancy status, studying the different types of subdivision, and submitting a new development plan to the residents' association.

Problems faced by the residents' association during the initial phases of the project were examined and found to include the complexity of neighborhood problems, limited financial resources, and lack of urban development experience within the committee. For this reason, the association was reorganized, provided with office space, and the experience of its executive committee was enhanced. Several committees were established to find practical responses to problems. These included an information committee, a technical committee, a committee responsible for supervising urban development, and a committee responsible for coordinating with local authorities.

Measures were identified that would allow neighborhood development to proceed and the necessary compromises to occur in order to legalize tenure. The measures included a more realistic approach to technical regulations, a cooperative system in each neighborhood zone to provide on-site infrastructure, and a simple and efficient system for financing primary infrastructure.

A practical approach also was developed to finance neighborhood improvements based on using private sector resources from the local population and developers. This was accomplished through fees attached to the legalization process and provisional permits for construction and land subdivision. A bank account was opened at the Fez paymaster's office in the name of the residents' association for the purpose of depositing financial contributions. The association then used these funds to finance infrastructure.

Implementation of the project has led to the following accomplishments:

- gradual legalization of clandestine subdivisions;
- formulation of an urban development plan that meets the needs of the community and responds to requirements imposed by the public sector;
- local financing and provision of primary infrastructure for sewage and roads; and
- upgrading of more than 3,400 informal housing units.

Comparison of the Jordanian and Moroccan Approaches

The experiences in Ruseifa, Jordan, and Fez, Morocco, share a number of common characteristics, but a few significant differences exist as well.

Both sites are located on the periphery of major urban centers and in administrative areas where local authorities are weak or involved in the transition from managing rural areas. Such local administrations often have inadequate administrative and financial capacities and, in the face of rapid urban growth, have been unable to control the development of much of the area under their jurisdiction.

Housing in this type of informal residential area generally reflects the type of construction found in low-income neighborhoods and is in compliance with formal regulations. Despite noticeable deficiencies in craftsmanship and services, the housing represents sizable personal investments by the inhabitants.

Unlike shantytowns and squatter areas that traditionally house a good number of rural migrants, informal neighborhoods like Montfleuri and Ruseifa are inhabited by urban families who understand

political and administrative mechanisms, are economically mobile, and eager to become homeowners. Many of them are middle-income families looking for a good buy in obtaining a plot. They are willing to accept some short-term risk in tenure if they know that they can organize effectively to protect their investment. They are also willing to pay some taxes and fees to obtain at least partial public sector recognition of their tenure and obtain essential infrastructure. They are categorically unwilling, however, to pay for the price of land a second time.

The approaches used in both Ruseifa and Montfleuri required considerable political awareness and a grouping of concerned citizens who could speak and act for the community at large. In Fez, a residents' association was created to fulfill this role. In Ruseifa, residents acted through their elected representatives in Parliament. In both cases, a tacit agreement was reached between public authorities and private citizens concerning the terms under which informal land markets in these areas would continue to operate and the responsibilities of the different parties. Local authorities then looked to the community to apply these terms by carrying out self-regulation. Often, the more the neighborhood resembles formal low- and moderate-income housing development, the greater are its chances for public sector acceptance. Greater private investment in a neighborhood also increases the chance that formal tenure eventually will be granted.

The approaches used in both Montfleuri and Ruseifa required intensive dialogue and cooperation between residents and local authorities to achieve an acceptable compromise in establishing private and public rights. To be successful, both residents and local authorities must perceive advantages in regularizing the planning situation and providing legal title to plots within the area. While local authorities may attempt to stop the proliferation of new informal land markets, they are generally aware of the value of these neighborhoods in terms of economic activity and potential tax revenues.

A major difference in the two examples concerns land tenure itself. In Ruseifa, residential development has occurred on land whose ownership remains in dispute between the government and local tribes, based on different interpretations of traditional tenure practices. The total area of land potentially affected by this condition is vast. For this reason, the situation is likely to be resolved on a piecemeal basis. Nevertheless, residential develop-

ment has taken place in basic agreement with existing planning norms and zoning regulations. In Montfleuri, however, there has been no question about who originally owned the land. It is only the subsequent unauthorized subdivision of the area that has led to the current lack of formal tenure. The physical characteristics of the two neighborhoods, however, are approximately the same. Each consists of fairly dense, built-up areas; solid but mediocre housing construction; and a low level of services.

A second important difference between the approach used in Ruseifa and that of Montfleuri is the much greater level of citizen participation in Montfleuri. In this case, the residents' association was well organized and effectively took control of neighborhood development, including the management and financing of infrastructure. Families in Ruseifa have been less organized.

Informal land markets may be tolerated by public authorities because they meet the demand for affordable plots for low- and moderate-income families in land delivery systems that are skewed toward land speculation and upper-income families. Rather than address the inadequacies of formal land markets directly and risk the ire of major landowners, informal markets are allowed to develop so long as they do not jeopardize land values.

Efforts to regularize informal land development require that residents and local officials work closely together to achieve acceptable compromises. Although the basic premise is that governments will legalize land tenure on the condition that residents meet certain responsibilities, a preconceived approach cannot be superimposed on the community. Progressive legalization typically is used to ensure neighborhood compliance and at least partial recovery of infrastructure costs.

The examples of Montfleuri and Ruseifa show that close cooperation between residents and local authorities can lead to a positive resolution of specific urban land problems. The extent to which these approaches can be replicated, however, remains unclear. A major issue still to be resolved concerns the extent to which regularization of informal land markets can provoke a rise in land prices and destroy the very characteristic that makes these markets attractive to low- and moderate-income homebuilders.

■ Appendixes

■ Appendix A: Agenda

Agenda

Workshop on Regularizing the Informal Land Development Process
Washington, D.C.

Thursday, November 1, 1990

- 8:45 Refreshments
- 9:00 Introduction
Welcome by Fredrik Hansen, USAID
Opening remarks by Henrietta Holsman Fore, USAID
Objectives of the workshop by Monique Cohen, USAID
- 9:15 Background
"Regularizing the Informal Land Development Process," written and presented by Mona Serageldin, Harvard University Graduate School of Design
- 10:45 Break
- 11:00 Costs and Benefits of Regularization of Informal Urban Land
Moderator: Sonia Hammam, USAID
"Informal Residential Land Development in Indonesia," written by Michael L. Hoffman, Urban Institute; presented by G. Thomas Kingsley, Urban Institute
"Less Is More: The Benefits of Minimal Land Development Regulation," written and presented by David E. Dowall, University of California at Berkeley
- 12:45 Lunch
- 1:45 Local Level Strategies for Legitimizing Informal Land Development
Moderator: Monique Cohen, USAID
"The Institute for Liberty and Democracy's Property Rights Program," written and presented by Albert Alex Forsyth, Institute for Liberty and Democracy
"Land Tenure in Jordan: Informal Markets and the Resolution of Problems," written and presented by Gerald Erbach, PADCO
- 3:30 Future Directions in the Regularization of Informal Land Development
Concluding remarks by Sonia Hammam, USAID

■ Appendix B: Participants

Joan Atherton
USAID/AFR/DP/PPE
Washington, D.C.

Tamara Arsenault
USAID/APRE/H
Washington, D.C.

Alan Batchelder
USAID/PPC/EA
Washington, D.C.

Larry Birch
USAID/APRE/H
Washington, D.C.

Jeffory Boyer
USAID/APRE/H
Washington, D.C.

Karen Boyle
USAID/APRE/H
Washington, D.C.

Chas Cadwell
Institutional Reform and
the Informal Sector
College Park, MD

Ken Caplan
USAID/APRE/H
Washington, D.C.

Mari Clark
USAID/PPC/WID
Washington, D.C.

Monique Cohen
USAID/APRE/H
Washington, D.C.

Veronica Collazo
International City
Management Association
Washington, D.C.

Bernard Delaval
World Bank
Washington, D.C.

Carol Dickerman
Land Tenure Center
Madison, WI

John Dorman
USAID/LAC/DR/RD
Washington, D.C.

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at Berkeley
Berkeley, CA

Gerald Erbach
PADCO
Washington, D.C.

Caryl Ersenkal
Consultant
Washington, D.C.

Catherine Farvacque-
Vitkovic
World Bank
Washington, D.C.

Dana Fisher
USAID/AFR/APRE/SMIE
Washington, D.C.

Cherie Fitzgerald
USAID/ENE/PD/MENA
Washington, D.C.

Henrietta Holsman Fore
USAID/AA/APRE
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Institute for Liberty and
Democracy
Lima, Peru

Catherine Gordon
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Jeremy Hagger
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Andrew Hamer
World Bank
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Judith Hermanson
Cooperative Housing
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Duane Kissick
PADCO
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USAID/GC/PRE
Washington, D.C.

Mike Korin
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Anamaria Long
USAID/APRE/SPEE
Washington, D.C.

Louise Macary
USAID/LAC/CEN
Washington, D.C.

Bob Macleod
USAID/APRE/H
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Raymond Malley
USAID/AFR/MDI
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John Mason
USAID/PPC/CDIE/AID
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Don Masters
USAID/ENE/PD
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Robert Meighan
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Caroline Moser
World Bank
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Milagros Nanita-Kinnett
Abt Associates
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Flora Painter
Ernst & Young
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Urban Institute
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Antoinette Sebastian
USAID/APRE/H
Washington, D.C.

Mona Serageldin
Harvard Univ. Graduate
School of Design
Cambridge, MA

Sara Siff
Cooperative Housing
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Washington, D.C.

Steve Silcox
Community Economics
Corporation
Washington, D.C.

Donna Stauffer
USAID/AORE/Asia
Washington, D.C.

Paul Vitale
U.S. Peace Corps
Washington, D.C.

■ Appendix C: Reporting Cable

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APPROVED BY: AID/PRE/H: SHAMMAM
AID/APRE/H: JOTTERBEIN AID/APRE/H: JBOYER
AID/APRE/H: JHAGGER

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AIDAC FOR RHUODS AND USAID MISSIONS

E.O. 12356: N/A

TAGS:

SUBJECT: WORKSHOP ON REGULARIZING THE INFORMAL LAND
DEVELOPMENT PROCESS

1. THE SUBJECT WORKSHOP WAS HELD ON NOVEMBER 1, 1990, IN WASHINGTON, D.C. THE MEETING, ORGANIZED BY THE OFFICE OF HOUSING AND URBAN PROGRAMS, WAS ATTENDED BY 60 PARTICIPANTS FROM THE REGIONAL BUREAUS IN A.I.D., THE WORLD BANK, AND EXPERTS FROM U.S. PRIVATE INSTITUTIONS AND UNIVERSITIES.

2. THE OBJECTIVE OF THE WORKSHOP WAS TO REVIEW THE EXPERIENCE OF DEVELOPING COUNTRY GOVERNMENTS AND THE INFORMAL SECTOR AS THEY HAVE SOUGHT REGULARIZATION OF INFORMAL LAND DEVELOPMENTS. THE MEETING CONSIDERED THE COSTS AND BENEFITS TO THE BENEFICIARIES, BOTH FORMAL AND INFORMAL, OF REGULATORY REFORM AND THE ROLES PLAYED BY NATIONAL GOVERNMENTS AND

LOCAL AUTHORITIES AS THEY HAVE WORKED WITH THE INFORMAL SECTOR TO IMPLEMENT THIS PROCESS.

3. FOLLOWING AN INTRODUCTION BY PETER KIMM, DIRECTOR OF THE OFFICE OF HOUSING AND URBAN PROGRAMS, OPENING REMARKS WERE PRESENTED BY HENRIETTA HOLSMAN FORE, ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA AND PRIVATE ENTERPRISE. SHE EMPHASIZED THE SIGNIFICANCE OF THIS WORKSHOP AS COMPLEMENTARY TO APRE'S OTHER INFORMAL SECTOR ACTIVITIES, SPECIFICALLY THE IRIS AND GEMINI PROJECTS. THE OBJECTIVES OF THE MEETING—AN EXAMINATION OF THE COMPLEXITIES OF TRANSLATING THE GOAL OF REGULARIZATION INTO WORKABLE POLICIES—WAS PROVIDED BY MONIQUE COHEN OF THE OFFICE OF HOUSING AND URBAN PROGRAMS.

4. A BACKGROUND PAPER PREPARED BY MONA SERAGELDIN, OF THE HARVARD UNIVERSITY GRADUATE SCHOOL OF DESIGN, SET THE FRAMEWORK FOR THE WORKSHOP BY PROVIDING AN OVERVIEW OF REGULARIZATION POLICY AND THE ELEMENTS COMMON TO THE REGULARIZATION PROCESS. RECOGNIZING THAT THE PROCESS OF INFORMAL LAND DEVELOPMENT VARIES SIGNIFICANTLY BY REGION, SERAGELDIN PRESENTED THE LEGAL BACKGROUND AND THE EVOLUTION OF LAND DEVELOPMENT REGULATIONS BY DRAWING ON EXAMPLES FROM A WIDE RANGE OF COUNTRIES. HER PRESENTATION ALSO IDENTIFIED DIFFERENT STRATEGIES OF REGULARIZATION, CONTRASTING THE PROCESS OF LEGITIMIZATION OF PREVIOUSLY OWNED PUBLIC LAND WITH LAND THAT HAD BEEN PRIVATELY OWNED. SERAGELDIN CONCLUDED BY ARGUING THAT THE PROBLEMS OF URBAN LAND ARE INEXTRICABLY TIED TO THE PROBLEMS OF URBAN MANAGEMENT.

5. SESSION II OF THE WORKSHOP, WHICH LOOKED AT THE COSTS AND BENEFITS OF REGULARIZATION, BEGAN WITH A PAPER TITLED INFORMAL RESIDENTIAL LAND DEVELOPMENT IN INDONESIA BY MICHAEL HOFFMAN, OF THE URBAN INSTITUTE, AND A PAPER BY DAVID DOWALL, OF THE UNIVERSITY OF CALIFORNIA AT BERKELEY, TITLED LESS IS MORE: THE BENEFITS OF MINIMAL LAND DEVELOPMENT REGULATION. THE DISCUSSION FOCUSED ON THE NEED FOR REGULARIZATION TO BE SEEN AS MORE THAN THE SECURING OF LEGAL TITLE, BUT TO ALSO ENCOMPASS SECURITY OF TENURE, EVEN WHERE OWNERS HAVE LEGAL CLAIMS, AND THE PROVISION OF INFRASTRUCTURE AND SERVICES TO THE INFORMAL SECTOR. THE DISCUSSION ALSO DREW ATTENTION TO THE DIFFERENCE BETWEEN REGULARIZATION AND DEREGULATION IN ORDER TO ASSESS WHAT STANDARDS AND REGULATIONS ARE APPROPRIATE AND THE POINT IN THE DEVELOPMENT PROCESS AT WHICH REGULATIONS SHOULD BE APPLIED.

6. LOCAL LEVEL STRATEGIES FOR LEGITIMIZING INFORMAL LAND DEVELOPMENT WERE THE THEME OF SESSION III. ALBERT FORSYTH, OF THE INSTITUTE FOR LIBERTY AND DEMOCRACY (ILD) IN LIMA, PERU, EXPLAINED THE GOALS AND IMPLEMENTATION OF THE ILD PROPERTY RIGHTS PROGRAM, GIVING PARTICULAR ATTENTION TO ITS DECENTRALIZATION BEYOND LIMA TO THE REST OF PERU, INCLUDING RURAL AREAS. DISCUSSION ALSO FOCUSED ON THE SUSTAINABILITY OF THIS PROPERTY RIGHTS PROGRAM, BOTH IN COVERING LOCAL LAND REGISTRY OPERATING COSTS OVER THE LONG RUN AND THE

INTEGRATION OF THE PROPERTY RIGHTS PROGRAM WITH MUNICIPALITIES' RESPONSIBILITIES FOR LAND MANAGEMENT. CURRENTLY, THE NEW REGISTRIES ARE NOT BEING USED AS A BASIS FOR MUNICIPAL PROPERTY TAX COLLECTION. THE MINIMAL INTEGRATION OF THIS PERUVIAN SYSTEM OF MASS REGISTRATION INTO THE MUNICIPAL DEVELOPMENT PROCESS CONTRASTED STRONGLY WITH THE STRONG ROLE PLAYED BY MUNICIPALITIES IN REGULARIZING INFORMAL LAND DEVELOPMENT IN JORDAN. THIS EXPERIENCE AND THAT OF MONTFLEURI, MOROCCO, WERE EXPLORED IN A PAPER PRESENTED BY GERALD ERBACH, OF PADCO, TITLED LAND TENURE IN JORDAN: INFORMAL MARKETS AND THE RESOLUTION OF PROBLEMS.

7. IN HER CONCLUDING REMARKS, SONIA HAMMAM, ASSISTANT DIRECTOR, URBAN POLICY AND PROGRAMS DIVISION, OFFICE OF HOUSING AND URBAN PROGRAMS, DREW ATTENTION TO THE NEED TO DISTINGUISH BETWEEN INADEQUATE REGULATIONS AND THE CAPACITY OF INSTITUTIONS TO IMPLEMENT THE EXISTING REGULATIONS. THE WORKSHOP, IN REVIEWING SUCCESSFUL EXPERIENCES WITH REGULARIZATION, IDENTIFIED THE IMPORTANCE OF A STRONG POLITICAL COMMITMENT AND THE ROLE OF OUTSIDE FORCES, WHICH CAN ACT AS CATALYSTS TO THIS PROCESS AND THE INVOLVEMENT AND PARTICIPATION BY THE COMMUNITY.

8. AMONG THE CONCLUSIONS AND RECOMMENDATIONS OF THE MEETING WERE A RECOGNITION THAT THE INFORMAL SECTOR SHOULD NOT BE SEEN APART FROM THE REST OF THE URBAN ECONOMY. MOREOVER, THE APPROACH TAKEN TO INTEGRATING THE INFORMAL SECTOR INTO THE ECONOMY SHOULD REFLECT THE CUSTOMS OF THE INFORMAL SETTLEMENTS AND DRAW ON THEIR INFORMAL RULES OF LAND DEVELOPMENT. THIS ALSO INCLUDES FULL RECOGNITION OF THE PRACTICAL AND STRATEGIC NEEDS FOR WOMEN IN SECURING TITLE. ANY APPROACH TO LEGITIMIZING THE STATUS OF THE INFORMAL SECTOR ALSO REQUIRES AN EXAMINATION OF THE COSTS AND BENEFITS OF REGULARIZATION NOT ONLY TO THE HOUSEHOLD BUT ALSO TO THE COMMUNITY AND MUNICIPALITY. FOR THE OFFICE OF HOUSING AND URBAN PROGRAMS, FUTURE CONSIDERATIONS OF THESE INFORMAL LAND ISSUES SHOULD BE IN THE BROADER CONTEXT OF EFFECTIVE URBAN MANAGEMENT. PUBLIC AUTHORITIES WILL INCREASINGLY FIND IT UNTENABLE TO ASSUME SOLE RESPONSIBILITY FOR REGULARIZATION. THEY WILL FIND IT FAR MORE FRUITFUL TO REDEFINE THEIR ROLE AS CATALYSTS BRINGING ABOUT LAND REGULARIZATION THROUGH NEGOTIATION AND INTEGRATION. THE CHALLENGE IS TO CREATE AN ENABLING INSTITUTIONAL FRAMEWORK WITHIN WHICH ACTIVITIES AT THE LOCAL LEVEL CAN BE STRUCTURED AND COORDINATED IN SUPPORT OF A COHERENT LAND MANAGEMENT POLICY.

9. FOR COPIES OF THE PAPERS AND FURTHER INFORMATION ABOUT THE MEETING, PLEASE CONTACT MONIQUE COHEN IN APRE/H.

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