Study on Luanda Urban Land Markets - acquiring land for housing construction

First Stakeholder’s Round Table Meeting

Presented by:

World Bank & Development Workshop Angola

Luanda – 28 January 2011
Objective of Research

• This program aims at providing much needed information base on the way people gain access to urban land for autoconstrucao through formal and informal land markets.

• The project makes a contribution to the development of urban policy and land use management practice in urban and peri-urban areas of Angola.

• To assess the factors and agents that make informal urban land markets work in Luanda.
Problems

• Angola has been experiencing extremely high and concentrated forms of rapid urbanization in the past decades, due to general socio-economic and development trends as well as the long civil war.

• Luanda is growing very fast in predominantly informal settlements around the previous old urban center.

• Three quarters of the population living in informal peri-urban areas with weak rights to land occupation.
Opportunities

• The Angolan Government has adopted an ambitious policy of promoting the building one million homes country-wide before 2012 and aims to eliminate much of the *musseque* settlements in the process.

• In the process the Government intends to facilitate 685 thousand families to build their own houses under a program of Autoconstrucao diregida.

• Under the 2004 land legislation the Government reaffirmed its authority as the primary manager of land and the State as the original owner of all land resources.
Challenge

- A major constraint to Government urban plans remains the weak administration of land resources and correspondingly weak tenure rights of most urban residents.

- Despite the Government’s assertion to control land, there exists a thriving real-estate market for both formal (titled) and informally occupied land.

- To better understand the dynamics governing urban land markets as a key factor in the urbanization process
Media & Public Awareness of Land Issue

DW’s CEDOC monitoring of the media has demonstrated that land issues and rights have been clearly placed in the public domain over the last decade.
Research Methodology

- The methodological approach focused on combining new information and the systematisation of existing data from previous studies.
- Literature review
- Key informant interviews & workshops with government, private sector and civil society actors involved in land, real-estate and service provision sectors.
- Survey based on household questionnaires in four zones pre-selected to represent significant typologies of settlements in Luanda.
- Participatory diagnostic using focus groups with local administration and civil society representatives.
Remote sensing applications are GIS tools used by the project to collect urban information using aerial photographs and satellite imagery.

Participatory mapping
## Luanda Settlement Typologies

<table>
<thead>
<tr>
<th>TOPOLGIAS</th>
<th>CATEGORIAS</th>
<th>POPULAÇÃO</th>
<th>% do total da população</th>
</tr>
</thead>
<tbody>
<tr>
<td>A  Old Urban Centre</td>
<td>Mais de 35 anos</td>
<td>165 693</td>
<td>3%</td>
</tr>
<tr>
<td>B  New Suburbs</td>
<td>Nova, Pós Guerra</td>
<td>163 721</td>
<td>3%</td>
</tr>
<tr>
<td>C  Bairro Popular</td>
<td>Mais de 35 anos</td>
<td>83 290</td>
<td>1%</td>
</tr>
<tr>
<td>D  Social Housing</td>
<td>Nova, Pós Guerra</td>
<td>118 380</td>
<td>2%</td>
</tr>
<tr>
<td>E  Self Help Building</td>
<td>Nova, Pós Guerra</td>
<td>396 736</td>
<td>7%</td>
</tr>
<tr>
<td>F  Musseques in Transition</td>
<td>Pós Independência</td>
<td>622 950</td>
<td>11%</td>
</tr>
<tr>
<td>G  Organised Musseques</td>
<td>Mais de 35 anos</td>
<td>477 956</td>
<td>8%</td>
</tr>
<tr>
<td>H  Old Musseques</td>
<td>Mais de 35 anos</td>
<td>2 312 701</td>
<td>40%</td>
</tr>
<tr>
<td>I  Peripheral Musseques</td>
<td>Pós Independência</td>
<td>1 237 028</td>
<td>21%</td>
</tr>
<tr>
<td>J  Rural Settlements</td>
<td></td>
<td>241 787</td>
<td>4%</td>
</tr>
<tr>
<td>K  Industrial Zones</td>
<td></td>
<td>2 957</td>
<td>0,05%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>5 823 200</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Luanda Settlement Typologies

Old Urban Centre

New Suburbs

‘Bairro Popular’
Luanda Settlement Typologies

Social Housing

Self-Help Housing

Transitional Mussequeus
Luanda Settlement Typologies

Organized Musseques

Old Musseques

Peripheral Musseques
# Study Areas

<table>
<thead>
<tr>
<th>Typology</th>
<th>% of total population per typology</th>
<th>Bairro</th>
<th>Number of Roof tops</th>
<th>Houses Included in Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old Musseques</td>
<td>40%</td>
<td>Val Saroco</td>
<td>3,403</td>
<td>Every 34&lt;sup&gt;th&lt;/sup&gt; house</td>
</tr>
<tr>
<td>Transitional Musseques</td>
<td>11%</td>
<td>Bairro Operario</td>
<td>1.199</td>
<td>Every 10&lt;sup&gt;th&lt;/sup&gt; house</td>
</tr>
<tr>
<td>Peripheral Musseques</td>
<td>21%</td>
<td>Bairro Paraiso</td>
<td>17,728</td>
<td>Every 177&lt;sup&gt;th&lt;/sup&gt; house</td>
</tr>
<tr>
<td>Social Housing</td>
<td>2%</td>
<td>Panguila</td>
<td>3,621</td>
<td>Every 36&lt;sup&gt;th&lt;/sup&gt; house</td>
</tr>
<tr>
<td>Total</td>
<td>74%</td>
<td></td>
<td></td>
<td>100 houses in each bairro</td>
</tr>
</tbody>
</table>
Old Musseque – Vala Saroco
Old Musseque – Vala Saroco
Musseque in Transition

Bairro Operario
Musseque in Transition
Bairro Operario
Peripheral Musseques
Bairro Paraiso
Social Housing - Panguila
Research Questions

1. Where buyers come from;
2. How property is transferred including what forms of documentation are used, what weight each category of document carries, as well as who attests to the validity of such documents;
3. How real estate disputes are resolved in the absence of regularisation and by whom;
4. Estimated annual volume of properties (residential, commercial and other) that are transacted either by sale or new rental and further distinguished between the formal and informal markets;
Research Questions & Findings

5. Median sale and rental prices and how these have changed over the last decade;
6. The role of formal or informal real estate brokers, “agents,” or intermediaries;
7. How rental and ownership opportunities are advertised;
8. How property values are determined;
9. How transactions are financed, if at all;
10. Characterization of the role of government agencies, private entities and community groups in the processes noted above.
1. Where do buyers come from?

Most growth (80%) is accounted for by inner-city migration and natural population growth (40% and 39% respectively). Migration from other provinces constitutes 20% of the source of growth.
2a. How property is transferred?

- Vacant land purchase is the most significant form of property transfer, at 34%.
- The second most significant form is house purchase at 18.8%.
- Cedencia do estado at 14.1% only occurs in Panguila (Habitacao Social).
- The dominance of sale as a transfer mechanism is significant as, at 53% indicating that a financial market exists.
2b. What is the evidence of tenure?

The evidence people have to back up their claims. The following forms of documentation are used:

- Declaration
- Contract of sale
- Croquis de Localizacao
- Titulo de ocupacao precario
- Direito de Superficie
- Registor Predial
- Licenca arrematacao

Only 8% of the total sample is in possession of any official form of legal evidence of tenure.
3a. What are the types of property disputes?

The incidence of conflict was very low, and is very similar to DW’s 2003 study where conflict tended to relate to disputes over boundaries.
3b. How are property disputes are resolved?

The low incidence of disputes indicates the social legitimacy of local level property transfers, even if the documents do not have full legal status. In case of conflict the first recourse is to residents’ committees and local administrations.
5. What are the median sale prices?

- The majority of respondents indicated that they paid for their property (space/place) at 61%. In Paraiso (Musseques Periferico), a very significant majority of respondents (96%) indicated that they paid for their property.
- This supports the finding that land purchase is the dominant form of supply in this neighbourhood.
Land price map of Luanda in 2010
6. The role of real estate brokers

- In the four areas studied, real estate agents played an intermediary role in only 2% of the cases.
- Government administration and residents committees were involved in 8% of cases.
- Most transactions took place directly with the previous owner.
8. How are property values are determined?

The main factors that influence the value of urban land are:

- Location in relation to employment opportunities
- Demand due to population pressure and density
- Presence of infrastructure and basic services
- Legal status of the land, proof of ownership & title
- Distance to social services (schools & health facilities)
- Road access & distance to public transport
- Level of environmental and public health risk
- Security, risks of violence & crime levels
Map of environmental health risk
9. How are transactions financed?

The formal banking sector has shown reluctance to enter the housing and domestic property finance market. The majority of funding for housing is borrowed from the extended family (62%) and from friends (27%).

- Family: 59.0%
- Friend: 25.0%
- Employer: 8.4%
- Bank: 7.6%
Lack of housing and land financing

Some of the reasons that banks offered to justify their reluctance to offer housing loans were the following:

- The lack of clear land legislation that would allow property to be used as guarantee
- The long loan periods the bank needs to wait to recoup their investments
- The lack of a Government policy on subsidising housing credit
- Lack of land title documents by most clients
- Lack of a client culture of repayment of debts
10. What is the role of government agencies, private entities and community groups?

![Diagram showing the role of different entities and groups in the first instance.]

- Residents committee: 27%
- Local administration: 22%
- Provincial government: 18%
- Family: 15%
- Neighbours: 10%
- Previous owner: 9%
- Friends: 6%
- Court: 5%
- Other: 2%
- Media: 2%
- Police: 1%
Conclusions

- There is a significant informal land market in Luanda. At least 61% of transactions involve financial sales.
- Transactions have documented evidence that buyers use to back up their claims (60%) and are not truly informal.
- Land transactions are perceived as secure by an overwhelming majority of buyers (85%).
- Enjoying a strong local legitimacy due to this perception as well as the widely-used documented evidence.
- Most land transactions are precarious or uncertain as only 8% of transfers can be backed up by legally defendable documents to secure their owner’s tenure.
- Risk of losing considerable asset value due to demolitions and relocations.
Recommendations

1. Promote more functional land markets
   • By providing better access to information
   • Open access to property records,
   • Public access to information on development projects.
   • Financial compensation for expropriation accommodated in the letter of the law

2. Incremental tenure
   • Recognition of basic occupation rights
   • Intermediate forms of tenure
   • Surface use rights
   • Up to and including transferable land titles
Recommendations

3. Institutional strengthening
   • Implement housing policy (2006) concerning the need to clarify the roles and responsibilities of central and local government
   • Publish regulations on public consultation and participatory planning
   • Equip municipal administrations with capability to implement peri-urban land regularisation and cadastres

4. Strengthen women’s land rights
   • Our research demonstrates the high proportion of women headed households (over 40%).
   • Land legislation should be compatible with the “family code”.
Open Questions?

One of the critical issues that emerges from this findings is that most home owners in Luanda (61%) have declarations or contracts of sale documents as proof of their land ownership. A full 85% of urban house owners feel they have secure tenure.

Question 1.
Should legal regulations be developed to give legal status to the witnessed declaration and the formal contract of sale?

Question 2 ...........?

Question 3 ...........?
Obrigado