



**‘SLUM UPGRADING USING PARTICIPATORY AND INCLUSIVE LAND READJUSTMENT:
DEFINING THE RULES OF THE GAME’
EXPERT GROUP MEETING (EGM)
PARTICIPATORY SLUM UPGRADING PROGRAMME (PSUP) AND GLOBAL LAND TENURE
NETWORK (GLTN)**

Date: December 3rd- 4th, 2013.

Place: UN-Habitat, Gigiri Compound, Conference Room 14, Nairobi, Kenya.

I. Background

The increase in the number of slum dwellers and the proliferation of slums are the reflection of failed or inexistent urban policies. This poses serious challenges to governments and their responsibilities in ensuring the right of their citizens to adequate housing.

Since when the slums began to be part of the public agenda they have been addressed in various ways achieving varying degrees of improvement: *status quo* through the total indifference, deteriorating housing conditions through razing, some perception of security of tenure and obtain basic services through Site and Service, integral improvement of many human dimensions through in-situ multidimensional improvements. The less common, but from our point of view, the most effective, fair and sustainable method of urbanization: slum upgrading using land value capture instruments such as land readjustment (LR) or a combination of them (LR and Transferable Development Rights, LR and land banking, etc.). We see this method of intervention as entry point for sustainable slum upgrading programmes at scale, which would trigger endogenous development with positive effects at national level, especially in Africa.

Participatory and Inclusive Land Readjustment (PILaR) is based on the land value capture theoretical rationale and is one of the new initiatives of UN-Habitat highly supported by the Executive Director, Dr. Joan Clos. PILaR aims to promote the supply of serviced urban land through a negotiated process. It is in line with the concept of “planned city extension” that envisages ensuring land supply in a proactive manner, therefore before rapid urbanization turns growing and expanding cities into mega slums. The latter pertains to the prevention dimension of dealing with informal settlements.

PILaR is also a tool that can help bring about sustainable densities (densification), redevelopment of degraded neighborhoods and upgrading of highly deprived urban areas. PILaR intends to achieve these goals of sustainable urbanization through multifaceted and integrated interventions that transform land management, regulatory instruments (law), planning, local government finance (land value sharing), governance and local economies. A critical attribute of the PILaR approach is its participatory and inclusive nature, that sets it apart from existing land readjustment strategies in slums around the world.

During 2012, the GLTN conducted studies on slum upgrading, planned city extensions and reurbanizations using land readjustment in Colombia, Angola, Turkey and India. The studies revealed that the experiences were insufficiently documented and that in order to be successful, technical aspects have

to be complemented along with improved governance and participatory planning.

These preliminary findings prompted an in-House Agreement of Cooperation between the GLTN and PSUP (the UN-Habitat slum upgrading programme) with the following objectives:

- Document existing slum upgrading experiences that have attempted to be citywide and systematic through the institutional strengthening of the land systems in innovative ways (using, for example, land readjustment);
- Advocate the method and conduct preliminary assessment of its application among PSUP countries;
- Exchange knowledge and experiences among experts and partners in order to improve the definition of guidelines and specific technical support addressed to PSUP countries, especially in Phase 2 - when countries define Participatory Action Plans and Programmes Formulation - and in Phase 3 when they develop a Pilot Project (see PSUP methodology and phases on: www.psup.org). This EGM was born in this context.

The conclusions arising from this Meeting will be used as inputs to elaborate a slum module of the PILaR methodology as well as a field guide that the PSUP and GLTN collaboratively aim to produce. Experts will be invited to review and select one of the proposed themes to develop a text after the meeting as a follow-up contribution to the project.

The module and the field guide will be implemented as part of the tool kit by the Land Policy Initiative for Africa, which is the operational entity of the Declaration on Land Issues and Challenges in Africa. Both tools will be useful for the improvement of land policies and land management where GLTN is technically supporting such issues, in the nine member states of the Organization of Eastern Caribbean States (some of which are also PSUP countries): Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St Lucia, St Christopher (St Kitts) & Nevis, St Vincent and the Grenadines.

From our point of view the problem and to the expectative that LR brings are as follows: The increase in the number of slum dwellers (six million a year, Rabat Conference, 2013), the proliferation of slums in the context of inexistent, sometimes unlawful and ineffective policies slum upgrading plans and programmes at scale, compel us to develop and promote new slum upgrading methods.

Slum upgrading and prevention depend on a number of conditions, which are often difficult to achieve in developing countries, including:

- Consistent and integrated Land Administration Systems (LAS);
- Sufficient and affordable housing supply that responds to the deficit and demand;
- Solid and coherent institutional, legal and financing systems; and,
- The right to the city being part of the fundamental principles governing the nation.

However, the evidence shows an opposite situation:

- Lack of or fragmented LAS, with consequent insecurity of tenure;
- Inadequate and unaffordable housing supply for the poor;
- Weak, incoherent or inexistent financial systems supporting the public or public-private provision of infrastructure.

Roots of the problem and potential solution

From our point of view the formation and existence of slums is due in part to the inequitable distribution of changes in the value of the land between state and privately owned property that Land Readjustment (LR) is capable of correcting. For example, when land increases in value as a result of public investment or regulatory changes (size, use etc.) and this increase is capitalized on only by private land holders, then the State gradually loses the ability to invest in social housing and slum upgrading as well as in other areas, due to the lack of those resources (the increase of land value). This also applies in the case of vacant and under-used lots which are well located within the city, or rural lots converted into urban lots. In these cases the increase in value of these lots is profitably employed by owners, for free, thanks to public intervention.

The opposite happens when a lot and/or a specific area of the city rises in value due to private investment, and is later expropriated without compensation by the State. Here the State benefits from private investment, and the public responsibility of generating better housing for all is partly assumed by the private sector.

The reverse of this is when a lot or property loses value due to the lack of State investment, which implies an unfair expense for occupiers or owners. This is, for example, the case with degraded social housing where a process of physical and social deterioration begins (the appearance of any or all the signs of deprivation that characterize the slums), and is assumed unjustly by owners or occupants.

Due to the inequalities in the distribution of the value of land and properties, it is possible that either the State becomes poorer, limiting its investment capacity, or that private landholders, unfairly assuming public responsibilities, in turn, become poorer. LR redresses this balance due to the capture of socially created land value and fair distribution of costs and benefits included within the process of upgrading and urbanization. Investment and profits are shared between the State and private landholders in a fair way.

LR provides better tenure conditions by guaranteeing the permanence of inhabitants in the same place (when is possible and plausible), allowing development without having to invest up-front, and, lastly, creating better governance structures where public, private, formal and informal negotiate rights and interests horizontally. This is why LR is seen by UN-Habitat as an effective, equitable and sustainable method of urbanization and of slum upgrading.

LR works in the following way: several adjacent pieces of land (held by different land holders) are pooled together and the property boundaries are eliminated to create a large site on which to make a new, planned redevelopment project. In exchange for agreeing to join the scheme and giving up their land, landholders usually receive one or two plots in the new subdivision, to sell or build a house on, usually with the expectation that the smaller plots in the new project will fetch a high market price (UN-Habitat: 2008).

Other alternatives are the assembly of plots and the construction of new housing units, physical improvements with the profits from the sale of part of the area or with the profits of the sale of part of the area plus the investment that private developers may make in the area in exchange of development rights (cross-subsidy scheme). The marketing of urbanized land bank (by the State) and mandatory quota of social housing developed by privates, for ensuring permanence of squatters in city extensions.

The desktop study, interviews with stakeholders, discussions with authorities of housing and land from PSUP countries, have confirmed an enormous lack of documentation of cases and unclear definition of specific components which made this method fair and sustainable. This call for a revision of **components** such as: governance, regulatory and institutional requirements, self-financing, financial project, land administration systems, land value sharing system, the role of non-state actors and CBOs, in order to

produce practical guidelines for facilitating the use of LR/PILaR in PSUP countries.

II. Objectives

The objectives of the Meeting are the following:

1. To review and provide feedback on LR methodology for slum upgrading at scale;
2. To produce practical guidelines which facilitates the use of LR/PILaR in PSUP projects;
3. To review the outline and selected themes for the guide;
4. To review PSUP cases for which technical support has been requested on slum upgrading at scale using LR (specifically Rwanda and Uganda).

III. Method of work

The meeting is structured through five types of sessions.

1. New or deeper knowledge of cases, emphasizing on the aforementioned components will be pursued through the presentation of examples from Angola, India, Thailand and other Asian countries, Brazil and Colombia, through four **Case Sessions**.
2. Conceptual, technical reflection and practical guidelines regarding specific components will be discussed through four **Thematic Sessions**, whose titles and key issues are as follows:

‘Land Readjustment in Slums: governance, legal and institutional requirements’. The criteria for recognizing multiple rights and interest before and after the project (what an informal tenant contributes *ex-ante* and obtains *ex-post* the project); what compulsory institutions, roles and functions that would make this method possible. The valuing of rights and interest.

‘Can Land Readjustment make Slum Upgrading self-financing? When, how, and under what conditions?’ The financial project and the self-financing capacity of this method at scale; costs and profitability of these projects vs. other methods of upgrading; valuing and value sharing in informal contexts; financing system at local level when LR and or other land value capture instruments are used.

‘Land Systems in Slums: the linkage with the formal land systems and the feasibility of Land Readjustment’. Housing enumeration, settlement profiling and mapping for facilitating land readjustment and other land value capture instruments; legitimation and functional integration within the official land administration system of the patchwork of urban information generated by communities.

‘Slum upgrading with Land Readjustment: participation, the role of non-state actors and CBOs’. Experiences and practical guidelines on the legitimatization of social practices around slum upgrading using LR; needed social contracts.

3. Two **Group Activities** are included in order to gather new cases of slum upgrading using land readjustment and for reviewing the outline of the guide, selected themes of the methodology and the strategy for developing slum upgrading using LR in PSUP countries.
4. The change in the way of doing slum upgrading, the technical complementarity between GLTN and PSUP, and the implementation of programmes of slum upgrading at scale using LR, will be discussed and defined in two **Strategic Sessions**: ‘**What will PILaR change in Slum Upgrading**’

and ‘**The linkage between PILaR and PSUP**’, this last with the presentation by national authorities of slum upgrading programmes at scale from Rwanda and Uganda, and subsequent feedback from Experts.

5. The objectives of and way forward for this project will be presented and discussed during the **Opening and Closing Sessions**. New strategies for changing the current way of doing slum upgrading, especially in Africa, the Caribbean and the Pacific (ACP countries) will be discussed.

Before the workshop, the participants will receive the guide outline that will be discussed during the Meeting in order to have a last and collectively agreed version. A similar discussion and outcome is expected for specific themes that should be highlighted in the guide and for the strategy of dissemination of this method in PSUP countries.

Additionally, experts will be invited to develop a text of about 3,000 words giving feedback and providing practical guidelines on specific issues regarding PILaR for slum upgrading.

Recommended themes (to supplement the guide) are as follows:

- a. ‘Minimal governance requirements to made possible slum upgrading using LR at city level’;
- b. ‘Rights and interests of stakeholders’;
- c. ‘Pricing rights and interest’;
- d. ‘Valuing land in slums: institutions, human resources, methods and implementation’;
- e. ‘How to collect and how use the captured land value at city level’;
- f. ‘Land Administration Systems to facilitate the use of LR’;
- g. ‘How to integrate community local settlement data with official Land Administration Systems’;
- h. ‘Slum upgrading using LR vs. other methods of upgrading: comparative cost-effectiveness analysis’;
- i. ‘How to engage politicians, private developers and the financial sector in the process: practical arguments and necessary backup data’;
- j. ‘When a social practice becomes law: stories of slum upgrading using LR’;
- k. Cases:

Juan Bobo, Medellín, Colombia: a case of slum upgrading with some components of LR;
Slum Planning Schemes: a Statutory Framework for Enabling Slum Upgrading Using LR (India);
Sheffield, Cape Town, South Africa;
Bharatpur, Nepal;
Huambo, Angola;
Aguas Espraiadas, Sao Paulo, Brazil;
Nuevo Usme (Tres Quebradas, Ciudadela El Porvenir), Bogotá, Colombia;
Pajarito, Alto de Calazans, La Cumbre, Medellín, Colombia.
La Colombianita, Bogotá, Colombia;
Klong Toey and Uttaradit, Bangkok, Thailand;
Reconstruction of slums post-earthquake using LR: Armenia, Colombia or Bhuj, India;
Slum upgrading using LR in World Heritage Sites: Ayutthaya, Salvador de Bahia, Recife, Rio de Janeiro, Belo Horizonte;
LR for renewing slum areas: Porto Maravilha, Rio de Janeiro, Recife Renewal or Simesa, Medellín;

Scaling up at city level: Uttaradit and Ramkhamhaeng Thailand.

IV. Expected outcomes

Experts will have:

Increased knowledge about specific components of PILaR and the opportunity to exchange experiences with colleagues.

Exchange of policy proposals on slum upgrading with authorities from two PSUP countries (Rwanda and Uganda).

Review of the strategy of inclusion of slum upgrading using LR in PSUP countries.

UN-Habitat will have:

Better understanding of the feasibility of implementing this method in PSUP countries and practical guidelines to support Country Teams in the near future.

Preliminary inputs for a model of slum upgrading at scale using LR for Africa.

V. External experts

The Meeting will bring together experts on slum upgrading using LR and their extensive theoretical and field experience in Africa, Latin America, and South and South-East Asia:

Ms. Somsook Boonyanbacha, Secretary-General of Asian Coalition for Housing Rights and Director of Mangkong.

Ms. Maria Cristina Rojas, Consultant, Colombia.

Mr. Allan Cain, Director, Development Workshop, Angola.

Ms. Shirley Ballaney, Principal Planner, HCP, India.

Mr. Daniel Montandon, Director of the Department of Land Use, Secretariat of Urban Development, Sao Paulo, Brazil.

Mr. Erik Vergel, Consultant, Colombia.

Mr. Rafic Khouri, Consultant, France.

Mr. Jockin Artuphan, Slum Dwellers Director, India.

Mr. Carlos Montoya, Director, Urban Renewal Company, Bogotá, Colombia.

Ms. Paula Santoro, Professor USP, Sao Paulo, Brazil.

Mr. Edward Kyazze, Head of Housing, Ministry of Infrastructure, Rwanda.

Mr. Emmanuel Nkurunziza, General Director, Director General of Rwanda Natural Resources Authority and Registrar of Land (on line).

Mr. Samuel Mabala, Commissioner for Urban Development, Uganda Ministry of Land, Housing, and Urban Development, Uganda.

VI. Suggested Bibliography

Experts are suggested to revisit the following bibliography:

General

- UN-HABITAT (2013): Global Housing Strategy, framework document. Governing Council of the United Nations Human Settlements Programme (HSP/GC/24/2/Add.6), Nairobi.
- UN-HABITAT (2013): Participatory and Inclusive land Readjustment (PILaR), advocacy document (it can be found at: <http://www.gltm.net/index.php/projects/participatory-and-inclusive-land-readjustment-pilar>).
- UN-HABITAT (2008): 'Land: A crucial element in housing the urban poor' (vol. 3) in Housing the poor in Asian cities, Quick Guides for Policy Makers, Nairobi, UN-Habitat and UN Escap.

Specific

- Alterman (2007), 'More than land assembly: Land readjustment for supply of urban public services', in n Yu-Hung Hong & B. Needham, Analyzing land readjustment: Economics, law, and collective action, pp. 57-88, Lincoln Institute of Land Policy, Cambridge, Massachusetts.
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- Ballaney (2008): The town planning mechanism in Guarajat, India. World Bank Institute, Washington DC.
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- Berrisford (2012): UN-Habitat Strategy Report on Urban Legal Knowledge, draft, Nairobi.
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- Rolnik and Santoro (2013): '*Zonas Especiales de Interés Social (ZEIS) en ciudades brasileñas: Trayectoria reciente de implementación de un instrumento de política de suelo*'. Paper presented during the Latin American Forum on Remarkable Urban Instruments, Quito.
- Sandroni (2011): *Captura de Mais Valias Urbanas em São Paulo a través do binômio Solo Criado/Outorga Onerosa: Análise do impacto do coeficiente de aproveitamento básico como instrumento do Plano Diretor*, Lincoln Institute of Land Policy, Working Paper.
- Smolka (2013): Implementing Value Capture in Latin America: Policies and Tools for Urban Development. LILP, Cambridge.
- Todtman D et. Al (2010): *Seminário Internacional Instrumentos Urbanísticos de Gestão da Valorização da Terra e de Indução do Desenvolvimento Urbano: um Diálogo Brasil-Japão Colômbia*, Câmara Brasileira do Livro, SP, Brazil.
- Todtman D et. Al (2007): Land Readjustment and Joint Urban Operations, JICA, SP.
- Vergel (2012): 'Land Readjustment across planning cultures: a dialogue between Japan and Latin America in urban planning? The case of Colombia and Brazil'. Paper presented during the XXX LASA International Congress, San Francisco.

VII. Suggested websites

www.gltm.net
www.mysup.org