Social and economic impacts of land titling programmes in urban and peri-urban areas of developing countries

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- Individual land tilting programmes have been widely promoted as a means of promoting economic development, increasing tenure security, protecting property rights, securing investment, unifying land markets, improving access to formal credit and reducing poverty.

- This presentation reviews the literature and case studies in South Africa and Senegal to evaluate the impacts of urban-based land titling programmes. It also draws on recent work on land reform in Rwanda.

Study framework

- Limited evidence for or against titling programmes in urban areas, given the scale of investments over the last two decades (USAID studies a notable exception).
- Problems of isolating endogenous and exogenous factors.
- Isolating short, medium and long term impacts.
- Many programmes proposed but some abandoned.
- Review focuses on documents in the public domain, plus evidence from recent case studies.

Some key tenure issues in Africa

- Urban growth is increasing competition for legally sanctioned land for housing in and around urban centres. This is forcing many households into insecure or semi-legal alternatives.

- Central and local government agencies are unable to provide affordable and appropriate secure land for the poor at the scale needed.

- The formal private sector is not presently meeting the need for affordable urban development, partly due to regulatory constraints.

- Tenure systems are extremely complex and reflect many historical, cultural and institutional processes.

- As urban areas expand, they encroach into areas where customary systems apply, creating further ambiguity and insecurity.

- These processes have increased the range and scale of illegal and semi-legal tenure systems to create a continuum of tenure categories rather than simple legal or illegal development.

Social impacts

Improving tenure security:

- Mixed evidence. Many programmes implemented in countries where residents of informal settlements already enjoy de facto security

- Titling increases short term security, but may provoke market-driven displacement

- Other tenure options, including customary systems, also provide high levels of tenure security in many sub-Saharan African countries.

- Tenants may be forced out as land values and rents increase.

Gender equity:
- Progress reported, but cultural attitudes give no room for complacency.

Residential mobility:
- Little evidence of increased buying and selling. Houses regarded as homes.

- Selling often takes form of distress sales, realising windfall gains, or moving back to central locations from relocated suburban sites.

Economic impacts

Few studies of economic impacts in urban related programmes.

Investment in housing improvements:

- Considerable evidence, but similar results from non-titling areas if people feel sufficiently secure; titling not the only way to get results.
- Improvements socially desirable, but often not financially justified.

Increased property values:

- Widespread evidence of increased property values – >25% common. This good news for those selling, but not for those buying – low-income areas become excluded to urban poor in future.
- Increases due to speculation rather than reviving 'dead capital'.

Increased access to credit:

- Very little evidence reported- loans determined by incomes not collateral.
- Finance institutions not geared to lending to the poor.
- Medium term lending increasing in more established settlements.

Admin, legal & political impacts

Administrative impacts:

- In a medium city, staff would have to issue 400 titles a day for 10 years to remove backlog – during which time, demand will increase.
- Need to update registries increases admin burden
- Strengthening administrative capacity is a long term process – 2-3 decades.

Legal and political impacts:

- Open to abuse as those with power or better access to information exploit others.

Land and housing market impacts

- Although it is too early to confirm, low levels of residential mobility found in titled areas in South Africa and Senegal suggests that people regard their homes as places to raise their families rather than as economic assets to trade on the open market.

- Possession of a title may be less important than knowing it is available if required. Evidence from case studies suggests that many households do not complete the titling process until or unless they plan to sell.

- Households with title in South Africa do not find selling their units easier than other households. In fact, the restrictive clause requiring the owner of an RDP unit to offer it first to the government if wishing to sell within the first five years forces households to sell informally.

- High urban land prices often force new titling programmes into cheap land on the urban periphery, isolating households from access to livelihood opportunities and social facilities.

- Titling programmes take many years to reach all those in need.

Conclusions

General:

- Titles are popular when free, people feel vulnerable to eviction, or when they provide prospects of windfall capital increases.

- Small scale programmes are administratively feasible but maximise market distortion; conversely large scale programmes minimize distortion but increase admin burden.

- Caution needed before launching large-scale programmes, especially in areas where titling is a new approach, where communities are vulnerable to external manipulation, or a large proportion of households are tenants.

- Evidence suggests that titling has a minimal impact on poverty reduction unless combined with other elements, such as spatial planning, services provision and social development programmes.

- All these aspects need more detailed and independent evaluation to assess the conditions under which titling is appropriate and for which social groups.

Policy implications

Governments should:

- Assess impacts of titling on land and housing markets and different social groups (especially 'owners' and tenants).

- Assess the administrative capability to implement titling programmes and update registers.

- Identify other tenure options for realising social & economic policies.

- Assess implications for other, existing tenure regimes, especially customary tenure systems and adapt these where possible.

- Assess likely impacts on other unauthorised settlements, especially those not considered suitable for providing titles to residents.

- Integrate tenure policy with spatial planning, services provision, regulatory reform and other aspects of urban governance.

- Consider adopting incremental, community based approaches to property rights and land tenure on a market wide basis.

What should governments do?

FIRST
- We must accept that there is no single form of tenure which meets the different needs of all social groups. All tenure options have benefits and limitations. Needs also change over time.

SECOND

The key objective of tenure policy should be:

- To provide a range of options.

- The more choice people have, the more they will be able to find an option that meets their needs.

- Governments should therefore seek to widen the range of supply options in terms of land, housing, services – and tenure.

How do we get to where we want to be?

One option is to adopt a five-stage approach as follows:

- Provide basic short-term security for *all* households in informal settlements. This can be achieved through land proclamations or moratoriums for a specific period (eg 3-6 months).

- Survey all extra-legal settlements and identify any that need to be relocated. Offer residents of all such settlements priority for relocation to sites that offer close access to existing livelihood opportunities together with long term tenure options.

- Designate all other extra-legal settlements as entitled to medium term forms of tenure with increased rights, but not full titles.

- Offer all communities that meet agreed good governance criteria long term communal tenure.

- Households seeking individual titles would need to obtain the agreement of the community, agree boundaries with neighbours and be responsible for financing and completing the necessary legal and administrative procedures, including the appointment and payment of surveyors and lawyers and property registration.