

# **UN-HABITAT AND THE GLOBAL LAND TOOL NETWORK LAND-BASED FINANCE LEARNING SERIES 2**

Theme: 'Leveraging Land for Delivery of Services, Building the Social Contract and Promoting Peace and Security'

## **REPORT ON SESSION 1**

Subject: 'The Role of Land in Achieving Adequate and Affordable Housing'

**20 September 2021**



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## Introduction (Jean du Plessis)

On 20 September 2021, the Land, Housing and Shelter Section of the United Nations Human Settlements Programme (UN-Habitat) and the Global Land Tool Network (GLTN) Secretariat presented Session 1 of its Land-based Finance Learning Series 2, on the theme “Leveraging Land for Delivery of Services, Building the Social Contract and Promoting Peace and Security”. The session, titled “The Role of Land in Achieving Adequate and Affordable Housing”, consisted of a joint presentation and facilitated discussion, supplemented by sidebar questions and comments, and concluded with closing observations by the presenters and the discussant. The session registered 57 participants representing 21 institutions (see list of participants in Annex 1).

Jean du Plessis, the session moderator, announced that Series 2 would run from September 2021 to December 2022, and would include two mutually reinforcing learning streams. Stream 1 would continue to provide opportunities for partners, specialists, stakeholders and implementers to showcase, learn about, review and propose improvements to tools and methodologies for enhancing land-based financing (including housing and shelter financing) in developing and fragile country contexts.<sup>1</sup> Stream 2 would offer colleagues and partners a more focussed and practical learning and problem-solving facility, designed to support individuals and teams in dealing with challenges faced in specific land and property taxation projects. In addition, discussions were at an advanced stage to present Series 2 in partnership with the Local Government Revenue Initiative (*LoGRI*) of the International Centre for Tax and Development, ICTD (hence the inclusion of their logo with this report).

Jean presented the theme, purpose, learning objectives and draft programme of Series 2, Stream 1 as follows:

**Theme:** Leveraging land for delivery of services, building the social contract and promoting peace and security.

**Purpose:** Bringing together partners, experts and implementers to learn about advances, good practice, innovations and challenges, and to create opportunities for collaboration.

**Learning objectives:**

1. Increased knowledge of available land-based finance and land value capture tools, methods and approaches.
2. Enhanced understanding of the social, economic and political challenges facing implementers.
3. Case-specific information on ways of overcoming challenges and building good practice.
4. Proposals for priority actions for improved impact formulated.
5. Areas of potential collaboration identified.

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<sup>1</sup> For session reports from the first learning series, see [here](#). Also see Annex A for the draft pool of participants (based on previous events) and Annex B for relevant background information as well as tools, key sources and frameworks and guidelines.

LBF LEARNING SERIES 2, STREAM 1 DRAFT PROGRAMME		
Subject	Presenters	Date and time (EAT)
1. <i>The Role of Land in Achieving Adequate and Affordable Housing</i>	Christophe Lalande, Geoffrey Payne and Daniela Munoz Levy Discussant: Antony Lamba	20 September 2021 15h00-17h00 EAT
2. <i>The role of governance in optimizing local revenue collection for equitable delivery of services and building the social contract</i>	Paul Smoke (NYU Wagner) Victoria Delbridge (IGC), Antony Lamba (UN-Habitat) Discussant: Peadar Davis (Ulster University)	14 March 2022 15h00-17h00 EAT
3. <i>Points-based assessment for land and property taxation - Solutions, Lessons, and Way Forward (ICTD and LoGRI)</i>	Wilson Prichard, Colette Nyirakamana, and TBC (ICTD and LoGRI)	16 May 2022 15h00-17h00 EAT
4. <i>FMDV and the PIFUD Project in Uganda – Progress, Challenges, and way Forward</i>	Details to follow	12 July 2022 15h00-17h00 EAT
5. <i>Central-local collaboration and successful property taxation – Risks, challenges and lessons learned</i>	Colette Nyirakamana, Wilson Prichard, Titilola Akindeinde <i>et al</i> (ICTD, LoGRI) Discussant: Astrid Haas <i>tbc</i>	12 September 2022 15h00-17h00 EAT
6. <i>A new UN-Habitat tool for own-source revenue self-optimization (ROSRA)</i>	Lennart Fleck, others tbd Discussant: tbd	14 November 2022 15h00-17h00 EAT
7. <i>Land-based finance in fragile states project: Lessons, opportunities and way forward</i>	Details to follow	5 December 2022 15h00-17h00 EAT

## Session 1 Session Programme

<p align="center"><b>“The Role of Land in Achieving Adequate and Affordable Housing”</b></p> <p align="center"><b>20 SEPTEMBER 2021, 15h00 – 17h00 EAT</b></p>		
<p><u>Moderator:</u> Jean du Plessis, LHS Finance Community of Practice &amp; GLTN Secretariat, UN-Habitat</p> <p><u>Session discussant:</u> Antony Lamba, Afghanistan Programme, ROAP, UN-Habitat</p>		
Time	Topic – Activity	Process, Roles
15h00	Introduction	- Jean du Plessis, UN-Habitat
15h05	Welcome and opening remarks	- Robert Lewis-Lettington, UN-Habitat
15h15	Presentation: <i>The Role of Land in Achieving Adequate and Affordable Housing</i>	- Christophe Lalande, Geoffrey Payne and Daniela Munoz Levy - All: questions and comments in meeting chat during presentation
15h50	Key questions	Discussant, in dialogue with presenters
16h10	Facilitated discussion	Moderator, all
16h30	Concluding observations: <i>Key lessons, priority actions, areas of potential collaboration and application</i>	Speakers and discussant - All: final comments in meeting chat during discussion
16h50	Closing	Moderator

### Welcome and opening remarks (Robert Lewis-Lettington)

Robert Lewis-Lettington, Chief of the Land, Housing and Shelter Section at UN-Habitat, welcomed the participants and acknowledged the importance of learning and good practice discussions around Land, Housing and Shelter for UN-Habitat’s work. He said the question of finance and particularly housing finance is critical to the work of the United Nations. Finance is fundamental to enable adequate housing to be built and maintained and is central for development, human rights, and peace & justice. Adequate housing is recognised as a right deriving from the Universal Declaration of Human Rights, and central to human development. Several Member States and local governments recognize concepts such as “Housing First” or “Housing at the Centre”, which emphasize the fact that one will not succeed in meeting other developmental needs unless the need for housing is addressed. He also stressed that housing and land are fundamentally connected, in relation both management and financing. Discussions around financing of land and housing have traditionally been dominated by the international financing institutions and UN-Habitat has become involved in these over the years, trying in different ways to broaden the discussion. Robert said that questions around financing and economics are particularly important elements when working on land and housing policy. Moreover, housing is about the community as a whole and not simply individual housing units. It links to urban planning, infrastructure and more. It is also crucially connected to the governance, management and regulation of land markets. Statistics indicate that up to 60% of the

world's assets are tied up with urban property; and there are several developed economies where the proportion of GDP tied up with land speculation associated with provision of housing is enormous –in some cases as much as 50 per cent. This has big implications for policy, regulation and governance. At the local level, the available tools are often not well understood, and the politics is invariably difficult to manage. At national level, the tools are sometimes relatively better understood, yet the political will to tackle the issues and the debates around them is often lacking. Our engagement in this kind of discussion and work can therefore provide more information and power to people to understand what is happening, what their choices are and what can be done. This is particularly important because housing both requires and generates large amounts of money, and money is closely related to power. Hence the discussion is often enormously political, particularly once one moves up from community to higher levels. It is, therefore, important to understand the tools that are available, to assess which actors are involved and what outcomes we can expect.

Robert said that the work to be presented by Geoffrey Payne and Daniela Munoz Levy explores the links between land-based finance instruments and affordable housing, as set out in the forthcoming handbook “The Role of Land in Achieving Adequate and Affordable Housing”. The handbook looks at a range of instruments that have been implemented in several countries interrogating their advantages and disadvantages, while reviewing the financial and political issues that surround them. The issues addressed in the handbook are high-profile, and would be discussed in at least two upcoming intergovernmental meetings. The combination of factors around housing finance and land-based finance, including economic, social, financial, and spatial makes these matters complex. Managing this complexity and having accurate and impartial information is a challenge. Hence the role of the United Nations becomes ever more important, as an independent and impartial technical advisor, to provide support and guidance to city and national governments on finding ways to finance adequate housing in an equitable and sustainable manner. Such global discussions are important to help assess the tools available and for learning how they can be adapted to local contexts. These issues are crucially important to communities, and the kind of outcomes we are seeking have direct impact. The subject of land and housing finance can also be very attractive to politicians, but there are also high risks involved, so there is a need to get the balances right. This is not easy, neither will it be non-controversial, but if the tools and approaches can be made to work, even in a fraction of cases, that can make a significant difference to thousands of lives and takes a big step in contributing towards achievement of Sustainable Development Goal (SDG) 11, particularly target 11.1 on the provision of adequate housing.

In conclusion Robert emphasized the overarching need to protect the vulnerable, leaving no-one behind. Our challenge is how to influence and manoeuvre financial frameworks and mechanisms so that they benefit the most vulnerable, the poor and the marginalized and to increase the security of women and youth in the future of our cities.

## Presentation: The Role of Land in Achieving Adequate and Affordable Housing (Christophe Lalande, Geoffrey Payne and Daniela Munoz Levy)

Christophe Lalande, Housing Lead of the Land, Housing and Shelter Section at UN-Habitat introduced Geoffrey Payne and Daniel Munoz, who had for two years worked on the handbook. The project brought land and housing closer together, given their cause-effect relationship. The handbook takes stock of good practices and the primary bottlenecks at country level, and presents insights and lessons learned, to strengthen UN-Habitat's ability to promote and protect the right to adequate housing. The process of compiling the handbook was also intended as a consultative process with partners, stakeholders, and member states to highlight these insights and lessons. Christophe thanked all the contributors involved in the reviewing and finalization of the handbook, in particular colleagues from the Land, Housing and Shelter Finance Community of Practice, GLTN and the UN-Habitat Housing team.

Commencing the main presentation, Geoffrey Payne reiterated the importance of bringing together land and housing issues. Land and housing in urban areas is a physical manifestation of many of the global challenges that we face: eviction, inequality, climate crisis, etc. The original purpose of the handbook was to look at land-based finance (LBF) for affordable housing. However, since affordability is not the only important consideration, one needs also to consider security of tenure, access to services, employment, etc. Hence, it was decided to look more broadly at "the role of land in achieving adequate and affordable housing".

Geoff quoted UN estimates that up to 64% of the world's population will reside in urban areas by 2050, up from 54% in 2014. That amounts to an additional 300,000 urban residents every working day over the next 30 years. Worldwide, 2.4 billion people are living without proper sanitation and 2 billion are affected by water stress, while many households tend to spend more than 25% of their monthly income on rent. We are looking at a dire global situation unfolding. In Sub-Saharan Africa, 800,000,000 residents are expected to move into urban areas, while currently 60% of the urban population are living in substandard and insecure housing. Simply put, urban housing needs are increasing more rapidly than formal supply, dramatically increasing pressure on land, which represents a major and increasing proportion of total housing costs. A key question is how can land management improve the provision of adequate and affordable housing under conditions of market-based economic development? Moreover, how can affordable housing be made available in the long term? Do credible options exist that do not require expensive subsidies? What options are available from international experiences?

He said the handbook is aimed at policymakers and senior administrators, in order to foster a better understanding of the legal and institutional frameworks by which land and housing markets operate and how land-based finance (LBF) approaches can provide practical and innovative ways of improving access to affordable housing. Three possible instrument types were identified for this purpose, namely tax-based, fee-based and development-based instruments. However, tax-based instruments cannot be guaranteed to have an impact on housing provision, given that they are mostly intended to go to general budgetary allocations, so the handbook focusses mainly on fee-based and development-based instruments. The handbook describes the main characteristics of each type, discussing the advantages of using land to finance affordable housing citing brief case studies across the globe. Additionally, it describes the

potential role of government actors, at both central and local levels, and what they can achieve by formulating and implementing LBF policies and regulations for affordable housing. Further, the handbook visualizes how urban land management needs to be used to ensure that the costs and benefits of land access, development, use and transfer are shared equitably, offering ways to exert both direct and indirect impacts on access to affordable and adequate housing.

The primary policy objectives should be:

- Urban land management that ensures that the costs and benefits of land access, development, use and transfer are shared equitably.
- Since the granting of planning or development approval by the state increases land values dramatically, such increases should be captured (or 'shared') for allocation in the public interest.
- Land management can be an effective means of improving access to adequate and affordable housing on a self-financing and long-term basis, and therefore needs to be part of a much wider approach of regulating markets for the public interest in the long-term.

Given that affordability is but one of the essential elements constituting adequate housing as "the right to live somewhere in security, peace and dignity" the handbook covers the seven key criteria as defined in ICESCR General Comment 7 on the right to adequate housing. At the minimum, adequate housing should meet the following:

- Security of tenure
- Availability of services, materials, facilities and infrastructure
- Affordability\* (which is defined differently in different countries)
- Habitability
- Accessibility
- Location
- Cultural adequacy

Other terms defined in the handbook are land value capture and land-based financing (LBF). LBF encompasses land-value capture, and other instruments that do not focus on value recoupment, such as contributions to affordable housing made by property owners as a condition of obtaining development permission. Land value capture and land value sharing is defined by the 1976 Vancouver Action Plan<sup>2</sup>, which focuses on the equitable distribution of benefits resulting from the rise in land values occasioned by change in use of land. For this reason, this review adopts the term 'land value sharing'.

The handbook focuses on fee-based and development-based policy instruments. The former include the sale of development rights - payments received in exchange for permissions to develop or redevelop land at higher density or changed land use - by which rights can either be sold at auction or at a fixed price by developer or be transferable to other locations or resold. The handbook then delves into development-based policy instruments such as developer charges and impact fees, land sales or leases, inclusionary housing, Requests for Proposals (RFPs), Land banking, and Land Pooling or Land Readjustment.

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<sup>2</sup> [Vancouver Action Plan](#)



Developer charges and impact fees are required contributions by the private sector to either build or pay for additional public services, such as water supply and sewerage required for new developments. It could also be receipt of payment, which is a precondition for public approval to develop land, widely applied in the USA and Brazil. The main limitation is the ability to enforce compliance, hence effective local government is essential.

Land sales and leases of public land are widely applied in countries where extensive areas of land is held under public control. It can considerably enhance local government revenues, though there is no guarantee that the funds raised will be allocated for providing affordable housing and ensuring that sales are well managed can be difficult to achieve.

The widely applied tool assessed in the handbook is land pooling and land readjustment. This involves landowners contributing their land to the project agency, which then subdivides and services it, after which some plots are sold to recover costs, others may be allocated for housing or other public benefits and the remaining plots are returned to contributing landowners at a higher value than before the project was undertaken. It has been successfully applied in many countries, particularly in Indonesia, Japan, Malaysia, Nepal, South Korea, Taiwan, Thailand, and Australia. Successful land pooling reduces conflicts between landowners and public authorities and provides for self-financed urban development. Participating landowners receive financial benefits and a proportion of the higher value land, and are able to remain in their existing location – which is important for the psychological, cultural and emotional attachments that people have to their place of residence. It also has social benefits and can provide affordable housing. However, the provision of this may be limited because for success to be achieved one needs to give the maximum benefit to the existing landowners. Striking the right balance requires a process of careful negotiation. Projects may need a legally enforceable basis to be implemented beyond the pilot stage. They can be difficult to implement, especially where public trust is limited. Farmers and agricultural workers can suffer from losing their livelihoods and homes when landowners contribute to a land pooling project.

Inclusionary housing constitutes policies that link the construction of low- and moderate-income housing to the construction of market-rate housing. Local governments encourage or require developers to allocate a percentage of housing units to be sold or rented at below-market prices. The definition of affordability here becomes important. It has four basic forms: (1) mandatory without incentives; (2) mandatory with incentives; (3) voluntary under prescribed conditions; or (4) voluntary through ad hoc negotiated agreements. Inclusionary programmes may also impose limits on the affordability period of the low- and moderate-income housing units. This has been applied successfully in India, many European countries, the Philippines and the USA. Experience suggests that this is most effective where the land market is buoyant, and prices are increasing.

Another approach which the handbook refers to is Requests for Proposals (RFPs). These were introduced in CIS countries in the 1990s after the collapse of the Soviet Union, where a large amount of public land was being privatised. The development agency prepares a list of mandatory requirements and a list of

some additional elements. Suitably qualified developers are then invited to submit proposals for a specific site and the one that submits proposals that include all the mandatory elements and the greatest number of additional optional elements is awarded the contract. The advantages of RFPs is that they provide the opportunity for public sector agencies to improve their understanding of land market behaviour and the options for putting land to economically and socially efficient use. Where this expertise has been successfully acquired, RFPs have increased the provision of affordable housing. However, they do require that the officials undertaking such programmes have a reasonable grasp of current market conditions.

The handbook also reviewed the option of land banking, whereby public agencies acquire land at its current use value and hold it for development and allocation at higher use values. It can be effective in transforming rural to urban land uses, but requires long term financial commitments and efficient land management and is unlikely to be appropriate where these conditions do not apply.

Another area the handbook sheds light on is the use of non-market forces to achieve affordable housing. This is particularly important in balancing the prevalence of market-based, and therefore expensive, forms of land development and housing provision. Options include Community Land Trusts (CLTs), an area which deserves more attention; housing cooperatives, which are widely applied; co-housing and communal land leases or ownership for land management systems.

The final section of the handbook addresses land governance and housing and recommends regular reviews of the regulatory framework, including planning and building standards and regulations as well as administrative procedures. It is particularly important that these reflect the realities and needs of the population they are intended to serve. Spatial and land-use planning can also have a major impact on the allocation of land in locations where low-income groups need to live, work, and have access to services. The institutional framework also needs to be efficient and minimize overlapping responsibilities. Finally, the impact of land tenure policies and practices is also critical and a wide range of tenure options is recommended as the best way of meeting diverse needs.

In terms of constraints to progress in applying the above tools, one can argue that neoliberalism has promoted competition between countries and cities to attract inward investment in a 'race to the bottom'. For example, the World Bank has encouraged this through its 2015 report on 'competitive cities', resulting in the development of industrial estates without evidence of demand. Instead, there is need to develop measures to promote collaboration instead of competition between cities. This was mooted at the recent G7 conference, but progress has been slow so far. Because of competition over land, corruption is a common problem in the land sector. Public pressure for change is increasing, though this has not yet made an impact on policy. This is partly due to the influence of powerful groups with vested interests in the status quo.

An important criterion for success is that policy makers need to adopt rigorous approaches to regulating land and property markets in the public interest. Senior administrative officials will need to have good understanding of urban land and housing market behavior and how to maximize public benefits. The legal and institutional structures will need to be put in place and administered efficiently. The regulatory

framework of planning and building codes, standards and procedures need to go beyond aspirations and consider local needs and resources as well as the role of different land tenure regimes. Corruption and vested interests will also need to be addressed. UN-Habitat stands ready and willing to use its international experience to apply these innovative, yet practical, policy instruments.

The presentation concluded with insights from Daniela Munoz Levy, who reflected on ways of tackling the challenge of land, housing and urban planning. She found it significant that the scope of the project broadened as it proceeded, by looking beyond tax-based LBF instruments and how such instruments could cross-subsidize housing across cities within developing countries. The resulting handbook looks beyond such instruments because developing countries have limited capacity, and legal and institutional frameworks, to set up complex land-based tax instruments and policies. The handbook also targets non-technical stakeholders, by introducing innovative instruments and approaches for leveraging land to promote affordable housing, and by considering the barriers of corruption and politically vested interests. She confirmed that the UN has an important role to play in this, while the role of national and local governments is to develop and implement policies to achieve affordable housing through land-based financing.

### Key Questions: Discussant (Antony Lamba), in dialogue with presenters

Antony Lamba, Chief Technical Advisor, UN-Habitat Afghanistan Country Office, started this segment by providing a summary of key points mentioned during the presentation session as well as bringing up participants' questions from the chat box.

Antony highlighted the importance of adequate housing as a right, which he noted would be challenging to achieve in many countries, particularly within the global south. The question raised therefore is how this right can be implemented through a progressive approach and how to provide solutions regarding land being held for speculation by land cartels rather than being developed to improve the housing situation. Specifically, he used the example of countries that use tax instruments to unlock such land but have failed because the tax system is managed by elites who are often part of the cartels.

In response to the issues raised above, Geoffrey Payne responded by saying that speculation on land is a global challenge and without political commitment and public pressure such a challenge remains difficult to resolve. Nevertheless, it is important to ask the question how one can influence the politics around these challenges, which can best be done under public pressure for change. UN-Habitat can support the cities that are doing well and showcase examples where positive change has occurred, which can be more effective by demonstrating to other cities the advantages of improving adequate housing.

One of the questions raised in the chat box was on the possibility of using a single tax on the value of land instead of using the multiple tools within the regime of land and property taxation to reduce speculation and incentivize productive use of land. Another question was on whether land sharing can be used outside urban areas and yet another was on whether land value capture can work in markets where the land is not of high value.

The response to the question on using a single property tax was that many countries have been following policies of individual property ownership encouraging market forces, which emphasize individual rather than communal rights. This has become a barrier because the more that people own property, the less likely they are to vote for property taxes. The question arises therefore, how does one convince people of the benefit of raising property taxes that will reduce speculative investment and capture a share of that increment for public benefit? Some examples highlighted in the report illustrate positive outcomes. An important trigger of change is political support through local leaders and mayors - who are critical in this endeavor. In London, for instance, one of the arguments that is often used by people not to increase property tax is that it is often people of the older generations that own high value properties, yet they are cash poor and thus would not be able to pay the tax if it is increased. A solution for this can be to levy the increased rate of tax once they pass away or sell the property. Taxing empty properties or second homes can also discourage speculative investment.

The response to the question of land value capture in markets where prices are low was that if the increment in land value is not high the opportunity of capturing the increment will not be, either. Daniella Munoz Levy remarked that it depends on how governments invest in servicing, which can be done at low scale to increase the value of the land.

Another question in the chat box was on climate finance and the notion that climate action can be incentivized for green building to achieve housing and to get the benefits of climate action. As a response, Geoffrey Payne highlighted the importance of the “doughnut economy” and said that there is an opportunity to constrain those who are emitting more than is sustainable through taxation and then ploughing this back into the development of green affordable housing. This idea of doughnut economics is being embraced by DEAL (Doughnut Economics Action Lab) particularly regarding the nexus between climate action, land management and urban development.

A final remark in the chat box emphasized the potential of land value capture, and the need to put more effort on implementation of land value capture and understanding the source of and reason for resistance. Developers should be agents of change whereby land use is being changed for the benefit of society and developers. Many case studies around the world have already demonstrated the benefit of developers using land value capture instruments. Land value capture is simple for cities to implement because it is neutral with respect to the economic performance of developers, while increasing social welfare through the production of inclusionary housing. Therefore, GLTN, UN-Habitat, and other organizations should deconstruct resistance to promote change to spearhead adequate housing in cities. Policy guidance is critical to implement land value capture as one can observe that financial resource collection in cities is often impacted due to corruption, speculation, informality and/or power structures interested in maintaining the status quo within land and property markets.

## Open Discussion, Facilitated by the Moderator

Robert Lewis-Lettington: The question on speculation and its underlying risks comes back to the question of public vs private role i.e., who should be doing what and how far should they go. That gets complicated

in a low-income scenario and particularly in a governance situation translating into what the local and national government can do. With an aggressive strategy of pricing land, e.g., public pre-emption of ‘buy land at the existing use right value’, then that can take a lot of the speculative potential out of the market. While this is not a silver bullet, in many discussions, the assumption is that public authority will be passive which should not be the case. We need to be pushing more to expect an active public sector in land management.

Eugene Chigbu: Raised the question on the role of customary tenure system in peri-urban areas within the space of land-based finance to develop adequate housing.

In response, Geoffrey Payne said that customary systems may offer communal leases to individual families where they could become developers with public authority support. Instead of a Private-Public-Partnership it becomes a Community-Public-Partnership. In that case, one can retain the principle of customary ownership and trustee role of customary societies while recognising economic benefit to the customary community and to those needing housing.

Allan Cane: Raised the question on land sharing related to benefits for land tenants and housing renters. He raised the importance of communities acquiring a stake within the distribution of land sharing schemes and engaging with local authorities in making land available through infrastructure development scheme based on a land sharing model. Tenure regime and strong cadastre is critical to consider in the approaches taken.

Willard Matiashe: In South Africa, a significant amount of property developers are land owners. Hence, they have vested interest in holding land and development. This is a challenge to argue for land value capture to such developers. From a political point of view this is a difficult task to circumvent. In terms of raising property taxes in South Africa affluent neighbourhoods see the value of paying more taxes but not into the “public budget” but within their own neighbourhoods.

Raja Ram Chhatkuli: Within the context of Nepal, successes have been made within the framework of land readjustment/land pooling. Legislation provides participation. However, challenges relate to tenants which are not registered and are therefore left behind. Land readjustment has also been used in post-disaster contexts as well.

**Additional margin comments and questions:** During the rich discussion session, additional margin comments and questions were noted down by the participants in the chat. These are summarized as below.

#### COMMENTS:

- Climate finance through Land Value Sharing needs to be better promoted. One needs to integrate "green building" and sustainable neighborhoods in this process to address housing with climate action.
- UN Habitat needs to influence policy change related to land in Kenya that would promote affordable housing. The government project on Affordable housing is plagued by land governance issues which translate to the “affordable houses” being built not actually being affordable. There

is need to promote the adoption of LBF instruments to make housing and infrastructure provision affordable.

- The main task for most institutions is to demonstrate how and why LVC is not against market but creates opportunities for developers.
- Developers should understand that they are the beneficiary as most of these tools are neutral with respect to the final process.
- Need to look at mechanisms for affordable housing that addresses land subdivision on the urban periphery. The efficient use of land and speculative land banking is critical.
- There are three dimensions to adequate housing as a right: 1. Respect - i.e. government will ensure that its policies and practices won't interfere with existing rights, 2. Protect - i.e. government is obliged to stop third parties from interfering with existing rights or the achievement of rights, and 3. Fulfil, i.e. the government obligation to fulfil the unmet rights. Only 3 is subject to progressive realization. 1 and 2 are basic obligations of public authorities to ensure and do not require progressive realization. These shouldn't be mixed up so that governments can escape by saying that progressive realization applies to 1 and 2 as well as 3.

QUESTIONS: (Given shortage of time, not all chat questions were answered during the session. To promote understanding, learning and future debate, draft responses have been added below.)

- Why does the report single out "affordable" from the other components of "adequate housing"?
  - Response: Affordability is not the only important consideration, one needs also to consider security of tenure, access to services, employment, etc. Hence, it was decided to look more broadly at "the role of land in achieving adequate and affordable housing".
- Do we have experience/cases where land tenants have been given stakes/benefits in Land Sharing Programs?
  - Response: The Bangkok case study cited in the handbook records an example of settlers being given shared ownership rights, but I am not sure what their original tenure status was.
- Are there land-sharing examples on communal land. For example, if an urban area expands into a communal area, that such land-sharing/pooling is used as a form of compensation?
  - Response: There are examples from the last 60 years of communal land sharing/pooling in Kenya (group ranches, cooperative farms, land companies, etc) where ownership of communal land is held in shares by members of a ranch, farm or company and all members are entitled to certain benefits (as opposed to compensation) e.g. right to occupation, use of land including common services and assets, etc, as well as obligations and restrictions e.g. no individual disposition of land or other communal interests, etc. More recently, the concept of community land is used in Kenya to protect land for socio-economic, livelihoods, cultural and other interests of distinct communities, including provisions for registration and administration of community land, and the sharing of benefits that may accrue from community land.
- The high demand and low supply of land for housing encourages the sale of land within the periphery of urban areas. This is evident in many communal areas within the proximity of urban areas in Namibia as holders of land only have use rights. To support the improvement of access to land for housing, what could be the policy considerations: Formalize communal land markets or improve administration or just find ways to prevent land transfers?
  - Response: Could the owners of use rights get together and offer to subdivide land for allocation on terms that benefit both providers and those in need? Are there local forms of land development that work and can be expanded or adapted?

- Does a "right" to adequate housing imply there is a minimum standard of adequacy, or does that standard shift with context? And does it change over time with the level of development in a community?
  - Response: (Christophe, Robert?) This question was handled quite well by Robert during the session. Perhaps he can respond?
- In the US, the comparative "rights" of tenants and landlords is now quite controversial. How does this discussion inform such a debate?
  - Response: The extensive media coverage of homelessness in many cities, such as San Francisco, might focus policymakers' attention on addressing this issue, but there is no evidence yet.
- There is the missing element of tenure security/documentation that unless established, the properties will not be eligible in most financial markets, especially secondary mortgage markets or micro financing. Is this discussed in the report?
  - Response: The report cites "the case of Kenya, 90% of housing finance comes from Savings and Credit Cooperative Organizations (SACCOs) and housing cooperative networks, and only 10% of housing credits are mortgages from the banking sector (WB, 2017:28)". De facto and perceived security can be improved dramatically simply by providing basic services or designating a settlement as 'non-objectionable' or 'notified' as in India. There are many references to tenure in the handbook, though I have focused on this issue in many other publications – see [www.gpa.org.uk/publications](http://www.gpa.org.uk/publications) for examples.
- In decomposing the interests of landowners and developers who may resist the implementation of LVC tools, would it make sense to distinguish between short- and long-term interests, where LVC is only in the long-term rather than short term interest of developers? Or how else do we conceptualize this resistance?
  - Response: The main constraint is that in many countries, landowners and developers are often those in positions of power or political influence. Public pressure can be an effective means of promoting LVC where this is possible, but as long as the political dice is cast against change, it may only be possible in times of economic crisis when a window of opportunity for change may arise. Professionals should be prepared and ready to act in such circumstances.
- Community-led housing practices have been critiqued for leaving the burden of what is a human right to communities, thus blurring the government's responsibility in ensuring it. Could you expand on the types of government support systems for community-led housing that allow for scaling them up?
  - Response: In my experience, scaling up is the biggest challenge for the reasons you give. The Asian Coalition for Housing Rights (ACHR) and Slum Dwellers International (SDI) are to my knowledge the most successful NGOs in scaling up community-led housing developments. I also recommend checking the website of World Habitat ([worldhabitat.org](http://worldhabitat.org)) which provides a range of examples.
- Is there any programme monitoring and reporting on land value capture activities and how should they be reported/monitored?
  - Response: I think the Lincoln Institute of Land Policy Studies undertakes frequent studies, but not as a regular monitoring process.

## Concluding Observations

Geoffrey Payne: If property taxes are hypothecated and re-invested in local areas and can be seen to benefit local areas, it is much more likely that public support will be generated. It is critical to show those who are not doing the right thing, the price they are paying for not making progress. Hence, organisations such as GLTN and UN-Habitat should showcase successful case studies to incentivise governments and local leaders to promote land-based finance tools for affordable housing. Land Value Capture and other measures addressed in the handbook can promote sustainable markets by reducing inequalities and promoting a range of supply options to reflect the diversity of demand. Finally, strong local leadership is essential to strengthen local administrative capacity to develop and implement innovative, pragmatic and locally acceptable policy options.

Daniela Munoz Levy: We need to promote public discussion on how land value capture can be implemented non-controversially to make liveable cities a reality. This handbook is a start to realise this.

Antony Lamba: There is need to promote examples that work as well as explain to people the dynamics that make certain instruments work or not work in certain contexts. Land speculation does not allow land to be used in an economically efficient way and for the public good, to the detriment of communities and local authorities. In terms of market vs non-market options for provision of land and adequate housing, these should be complementary but what are the variables that should inform a jurisdiction on the balance needed between the two? And how should authorities decide on this balance to inform policy?

Jean du Plessis: It is important to remind ourselves of the need for a viable change model. We have been working on such a model the past year, on leveraging land in fragile states, with four facets. First, to assist local authorities to use land more effectively to collect revenue. Second, to find ways to ensure that the revenues collected are equitably spent on the social needs in their areas. Third, to promote participation in the decision making and implementation processes, particularly focussing on marginalized groups, women and youth. Fourth, given that land is the basis of the revenue collected, to find ways to ensure that the system promotes land tenure security for all. We believe that this model can build citizenship, peace and a healthy relationship between government and the local people. This is our aim, and we are determined to show that it can work.

Robert Lewis-Lettington: Based on the discussions the problems highlighted are not so much on the technical aspects but the politics around the issues and how to incentivise leaders to do what needs to be done. Laissez faire approaches in our societies and economies will only allow a massive concentration of assets and diversions of profits resulting from public action. We all have a collective interest in and thus contribution to make to these issues. One should be able to adequately capture the necessary changes to move towards progressive regularisation and towards the right to adequate housing. We must continue to make this information as available as possible and advocate approaches of land-based finance. We should mobilise public discourse around these issues to make changes within the political sphere, by making it simple and easy to communicate and show that we understand and can support its realization.

Robert thanked all the presenters and participants noting the rich diversity of issues and the insightful way they were tackled during the session, then closed the meeting.






## ANNEXES




### Annex 1 Attendance list

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Annex 2: Presenters

SESSION 1: PRESENTERS AND FACILITATORS		
Name and Institution	Role and Topic	Brief Bio
<p>Christophe Lalande, UN-Habitat</p> 	<p>Presenters: <i>The Role of Land in Achieving Adequate and Affordable Housing</i></p>	<p>Christophe Lalande is the housing lead of the Land, Housing and Shelter Section at UN-Habitat. He coordinates the implementation of global programmes on housing policy development and housing rights, including the production of housing policy guidelines, methodologies, and tools to guide national and local governments' efforts in the provision of affordable housing solutions. He leads global advocacy efforts to promote the realisation of the right to adequate housing, such as the UN-Habitat's Housing for All Campaign to promote people's health, dignity, safety, inclusion and well-being, through access to affordable and adequate housing. Christophe has over fifteen years of professional experience in housing policy and urban development. He is graduated from the Institut d'Etudes Politiques – Lille and holds an MSc in Public Policy and Political Sociology from Sciences Po Ecole Doctorale.</p>
<p>Geoffrey Payne, Consultant</p> 		<p>Geoffrey Payne is a housing and urban development consultant with five decades of international experience. He founded Geoffrey Payne and Associates in 1995 after many years as an academic and has since undertaken research, consultancy and capacity building assignments on urban land management, land tenure and property rights and housing policy in all regions of the world for a wide range of international development agencies, governments and academic institutions including the World Bank, UN-Habitat and the UK government. He has published widely, including a forthcoming report on The Role of Land in Adequate Housing. He has contributed to numerous international conferences and is currently a member of the RTPI International committee and adviser to the President of the UK Built Environment Advisory Group.</p>
<p>Daniela Munoz Levy, consultant</p> 		<p>Daniela Muñoz is a lawyer by background and trained as an urban development planner at University College London. She is currently the Planning Director of Mexico City's Mobility Ministry. Prior to that she worked as a consultant with Geoffrey Payne, undertaking research on land and housing policies. Between 2015 and 2017, she also served in Mexico's National Government as planning director at the Urban Development Ministry and the Social Development Ministry, for urban upgrading programmes.</p>

<p>Antony Lamba, UN-Habitat</p> 	<p>Discussant</p>	<p>Antony Lamba is Chief Technical Adviser at the UN-Habitat Regional Office for Asia and Pacific, based in Afghanistan. He has 24 years professional experience working in the national land organisation Kenya and managing land and urban governance projects in Africa and Asia. He provides technical assistance for the development of land legislation and policy, land information systems, and the delivery of land services including in informal settings. He has spent the last 15 years in the field delivering donor-funded projects to rehabilitate settlements affected by natural disasters, to re-settle displaced populations, to prevent land conflicts, to enhance land tenure security, and to improve municipal finance, urban planning and delivery of basic urban services among others. Antony's field experience has primarily been in post-conflict and fragile contexts in Somalia, South-Sudan, Liberia and Afghanistan. He holds a BSc. degree in Land Surveying from the University of Nairobi, and a MSc. degree in Geo-information Management from the International Institute for Geo-information Science and Earth Observation (The Netherlands).</p>
<p>Robert Lewis-Lettington, UN-Habitat</p> 	<p>Welcoming words and introduction</p>	<p>Robert Lewis-Lettington is Chief of the Land, Housing and Shelter Section at UN-Habitat. Robert has more than twenty years professional experience, primarily working in programme management, multilateral processes and in providing technical assistance in policy formulation and legislative processes to a variety of partners. With field experience in more than seventy countries, Robert's specialist areas include land management, human rights and rule of law, urban development, legislative drafting, intellectual property rights and information management, digital governance, environment and natural resources and international trade. Robert holds a Juris Doctor degree in law from the College of William and Mary (USA), an MA (Hons) degree specialising in Architectural History from the University of St. Andrews (Scotland) and an MLitt (Dist.) degree in History specialising in land and population displacement from the University of the Highlands and Islands (Scotland).</p>
<p>Jean Du Plessis, UN-Habita</p> 	<p>Moderator</p>	<p>Jean du Plessis is a land specialist based in the Land, Housing and Shelter Section of UN-Habitat, Nairobi. He draws on more than 25 years of experience in the areas of land, housing, human rights, forced evictions and development. He has previously held positions in local, national and international NGOs, the South African government's land restitution programme, and the UN Land and Property Unit in Timor-Leste. He has diverse country experience and has produced a variety of reports and publications on land-related issues. Jean has been with UN-Habitat since 2011, leading on the continuum of land rights, land-based finance, land readjustment and capacity development. He also heads the Land, Housing and Shelter Finance Community of Practice. Jean holds an MA with Distinction in Political Philosophy, from the University of Stellenbosch.</p>

Annex 3. Presentation slides: The Role of Land in Achieving Adequate and Affordable Housing  
(Geoffrey Payne and Daniela Munoz Levy)



**The Context**

The UN expects 64% of the population to reside in urban areas by 2030, up from 54% in 2014. That equates to an additional 300,000 urban residents every working day over the next 30 years.

Worldwide 2.4 billion people live without improved sanitation and 2 billion are affected by water stress.

Households tend to spend more than 35% of their monthly income on rent.

Net monthly expenditure on housing exceeding 30% of the total monthly income of the household.



**The challenge**

- Urban housing needs are increasing more rapidly than formal supply, increasing pressure on land, which represents a major proportion of total costs.
- How can land management improve the provision of adequate and affordable housing under conditions of market-based economic development?
- How can such housing be available in the long term?
- Do options exist that do not require expensive subsidies?
- What options are available from international experience?



**REPORT OBJECTIVES**

This report is intended for policymakers to have an overall perspective of land-based finance (LBF) role in making affordable housing accessible.

- Understand the legal and institutional frameworks by which land and housing are managed.
- Present how land-based finance (LBF) approaches can provide a practical and innovative framework for improving access to affordable housing:
  - Tax-based instruments
  - Fee-based instruments and
  - Development-based instruments.
- Provide an overview of LBF, discussing the advantages and challenges of using land as a means to finance affordable housing. Brief examples across the globe are presented.
- Describe the potential role of government actors, at central and local levels, can play in formulating and implementing LBF policies and regulations for affordable housing.
- Review ways in which urban land governance exerts both direct and indirect impacts on access to affordable and adequate housing.

**PRIMARY POLICY OBJECTIVES**

- Urban land management needs to ensure that the costs and benefits of land access, development, use and transfer are shared equitably
- Since the granting of planning or development approval by the state increases land values dramatically, the state is entitled to benefit from the increment for allocation in the public interest.
- Land management can be an effective means of improving access to adequate and affordable housing on a self-financing and long-term basis.

**DEFINING TERMS**

The United Nations Committee on Economic, Social and Cultural Rights defines **Adequate housing** as "the right to live somewhere in security, peace and dignity" and should, at a minimum, meet the following criteria:

- Security of tenure
- Availability of services, materials, facilities and infrastructure
- Affordability\*
- Habitability
- Accessibility
- Location
- Cultural adequacy

\*Affordability is not a standard ratio, it should assess housing needs or ability to pay.

## DEFINING TERMS

### 'land value capture' vs 'land-based financing'

LBF encompasses land-value capture, and other instruments that do not focus on value recoupment, such as contributions of affordable housing made by property owners as a condition of obtaining development permission.

### 'land value capture' vs 'land value sharing'

The 1976 Vancouver Action Plan focuses on the equitable distribution of benefits resulting from the rise in land values resulting from change in use of land. For this reason, this Review adopts the term 'land value sharing'.

## Developer charges and impact fees

- These are required contributions by the private sector to either build or pay for additional public services, such as water supply and sewerage, required by new developments.
- Receipt of payment is a precondition for public approval to develop land.
- They have been widely applied in the USA and Brazil.
- The main limitation is the ability to enforce compliance, so effective local government is essential.

## Requests for Proposals (RFPs)

Invitations for suitably qualified developers to submit proposals for a specific site, generally in publicly held land. RFPs increase developer access to highly desirable sites and have been widely implemented in Eastern Europe and Russia.

The prospect of receiving between 20-30% of the proposed housing units in exchange for granting development rights on municipally owned sites to private developers, enabled the authorities to meet the needs of the disadvantaged households at no direct cost.

### Advantages?

In countries where extensive land areas are held in public ownership, RFPs provide the opportunity for public sector agencies to develop their understanding of land market behaviour and the options for putting land to economically and socially efficient use. Where this expertise has been successfully acquired, RFPs have increased the provision of affordable housing.

### Disadvantages?

RFPs require that the officials launching a proposal have a reasonable understanding of current market conditions.

## Tax and fee-based policy instruments

### Tax-based instruments:

Land value increment tax –  
• Tax assessed as a percentage of the increase in land value due to public actions or general market trends.

### Fee-based instruments:

Sale of development rights –  
• Payments received in exchange for permission to develop or redevelop land at higher density or changed land use.  
• Rights can either be sold at auction or at a fixed price by developers.  
• Rights may be transferable to other locations or reuse.

## Land sales or leases

- Even countries where land is mostly held in private hands, have extensive public land holdings. Where some is surplus to official requirements, selling or leasing is a good option and is widely applied in China, Ethiopia, Mongolia and Tanzania.
- Where land is sold for less than the market value, public benefits are reduced. Where land is sold at a high price, options for achieving affordable housing depend upon subsidies which are difficult to target.

## What is land pooling/land readjustment?

Landowners pool their land and after subdivision and servicing, some plots are sold to recover costs, others may be allocated for housing or other public benefits and the remaining plots are returned to contributing landowners at a higher value than before the project was undertaken.

While considered a modern innovation, it was first applied in 1791 by George Washington to obtain the land for the development of Washington DC.

It has been successfully applied in many countries, particularly in Indonesia, Japan, Malaysia, Nepal, South Korea, Taiwan and Thailand, as well as Australia. The largest and most recent example was for the proposed development of a new capital for the state of Andhra Pradesh in India which included an area designated for housing low-income groups.

## Development-based policy instruments

- **Developer charges and impact fees**
- **Land sales or Leases**
- **Inclusionary housing**
- **Requests for Proposals (RFPs)**
- **Land banking and**
- **Land Pooling or Land Readjustment (LP/LR)**

## Inclusionary housing

- Policies that link the construction of low and moderate-income housing to the construction of market-rate housing
- Local governments encourage (or require) developers to preserve a percentage of housing units to be sold or rented at below-market prices
- Four basic formats: (1) mandatory without incentives; (2) mandatory with incentives; (3) voluntary under prescribed conditions; or (4) voluntary through ad hoc negotiated agreements.
- Inclusionary programmes may also impose limits on the affordability period of the low- and moderate-income units.
- Widely applied successfully in India, many European countries, the Philippines and the USA.
- Experience suggests that most effective where the land market is buoyant and prices are increasing.

## Pros and cons of LP/LR

- It reduces conflicts between land-owners and public authorities
- It provides for self-financed urban development
- Participating land-owners receive serviced land at higher than existing values.
- Social benefits, including affordable housing, can be provided.
- However, the provision of affordable housing may be limited
- Projects need a legally enforceable basis
- Projects can be difficult, especially where public trust is limited
- Agricultural workers can suffer from losing their livelihoods *and* homes

## Land banking



- The acquisition and aggregation of land parcels at their existing use value for future development.
- It may be undertaken by public authorities for public benefit or by private entities for profit.
- Was widely applied in the UK to develop New Towns, but has also been applied in India and Colombia, where it helped provide affordable housing.
- It requires long term financing and effective governance and a legal framework to realise public benefits.

## Community-led policy instruments

- Community Land Trusts (CLTs)
- Housing cooperatives
- Communal land leases or ownership

## Land governance and housing

- **The regulatory framework**
  - Planning and building standards
  - Planning and building regulations
  - Administrative procedures
- **Spatial and land-use planning**
- **Institutional framework**
- **Land tenure policies and practices**

## Constraints to progress



- Neoliberalism has promoted competition between countries and cities to attract inward investment in a 'race to the bottom'.
- The World Bank has encouraged this through its 2015 report on 'competitive cities', leading to the development of industrial estates without evidence of demand.
- Measures to promote collaboration were mooted at the recent G7 conference, but progress has been minimal so far.
- Corruption is a common problem in the land sector
- Public pressure for change is increasing but has yet to make an impact on policy. This is partly due to the influence of powerful groups with vested interests in the status quo.

## Criteria for success



- Policy makers need to adopt rigorous approaches to regulating land and property markets in the public interest
- Senior administrative officials will need to have good understanding of urban land and housing market behaviour and how to maximise public benefits
- The legal and institutional structures will need to be put in place and administered efficiently
- The regulatory framework of planning and building codes, standards and procedures need to reflect local needs and resources, not just aspirations
- The role of different land tenure regimes needs to be considered
- Corruption and vested interests will need to be addressed
- UN-Habitat stands ready and willing to use its international experience to apply these innovative, yet practical, policy instruments.

## Thank you!

Further information on the Report and related issues can be obtained at  
<https://unhabitat.org/the-role-of-land-in-achieving-adequate-and-affordable-housing>



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