**MIT 11.483 (3-0-9)**

**Housing and Land Policies in Rapidly Urbanizing Regions**

**SPRING 2017**

Class meets every Thursday  
6:00–9:00 PM  
Room 9-450B

Yu-Hung Hong  
yhong@mit.edu

Tel: 617-253-8950 or 617-453-8832

Office Hours: Thursday, 12:30-2:30 or by appointment

---

**Description and Objectives**

In this class, we will define and assess the various institutional and governance structures for urban management systems that have significant implications for housing and land policy in developing countries. We will discuss how land and housing are closely intertwined in the design of any sustainable shelter policy for the urban poor. Our exploration will begin with a careful review of the unique property relations of land and housing in developing countries and then extend the analysis to the massive informality found in their real estate sector. The prime objective of the class is to devise open and inclusive governance structures for improving the living conditions and livelihoods of the poor and underprivileged groups who reside in informal settlements.

Land is both a public and private good. It is a public good because land value is created not only by private investment, but it is also determined by public infrastructure construction and community actions. Hence the examination of land (or land-related) issues must be multidisciplinary, and this is the approach that this class will use.

More significantly, access to affordable land and housing is considered a basic human right in many countries. In some instances, government policies to recapture the public share of land value increments and to provide social housing for the poor were hampered by overly bureaucratic land and housing administrations, inflexible regulatory framework, lack of fiscal resources and political will to tackle shelter problems, and failure to encourage public participation. Hence another approach of this class to understanding land and housing policy issues will be from different institutional perspectives.

Land and buildings are also private goods because they can be traded separately or together in the market like ordinary commodities. To some extent, their consumption is excludable under most property laws. Yet access to affordable land and housing by low-income households through the market is not guaranteed because the ease of entry into the real estate market depends on the availability of information, secure tenure, and proper registration systems. These preconditions do not always exist in many developing countries.

Because of these unique characteristics of land and housing, neither the government nor the market alone could ensure an equitable and efficient allocation of these resources. Balancing interactions among related institutions has proven to be a daunting task.
Among all policy challenges, we will examine four issues:

- Property relations of land and housing, concentrating on the reciprocal nature of formal and informal rules,
- Land use regulations, property exchanges, and informality,
- Approaches of dealing with informal settlements and urban expansion, and
- Financing informal settlement upgrading and regularization.

First, with regard to property relations of land and buildings, we will cover four policy issues:

- Formal rights vs. informal claims,
- Freehold, leasehold, and communal ownership,
- Property rights and obligations, and
- Property exchanges

The objective is to develop an array of property relations (or arrangements) that takes into account the traditional and informal systems of tenure. We will examine the argument that reforms of property relations must consider the existing formal and informal rules and a balance between individual property rights and obligations to the community at large.

Second, many scholars and analysts have argued that rigid and inflexible land use regulations in many developing countries are the major causes of informal housing development and exchanges. Some land management laws were passed by the economic and political elite to enable them to benefit from state activities rather than to enhance the welfare of the society. We will reexamine this argument by studying recent cases to determine if land-use regulations in selected developing countries:

- could coordinate land management,
- integrate spatial planning with financial and sectorial development planning, and
- protect community interests.

The aim of the review is to explain why some countries have succeeded in using master planning to achieve their land use and housing goals, while others have failed to do so.

Third, we will review some conventional methods of dealing with informal settlements, including forced or voluntary relocation, titling, incremental upgrading, and land readjustment/sharing. We will compare the advantages and disadvantages of these approaches, with special attention to varying contexts. In this segment of the course, we will use a blended learning approach, that is, the combination of online and in-classroom discussions. You will be joined by 30 – 50 international policymakers and practitioners who will go through an online course that is currently in beta testing stage at the same time. These exchanges with practitioners around the world will be extremely beneficial to our learning and understanding of real world problems.

Fourth, no matter what approaches a country employs to handle informal settlements, the financial requirements for undertaking this policy initiative are huge. Many developing countries do not have the means. We will investigate the possibility of capturing (or sharing) land value for funding informal settlement upgrading. The focus is on mobilizing resources...
from both the public and private sectors and from the involved communities to make the initiative financially and institutionally viable.

By discussing in detail these four land- and housing-related policy issues, we hope to learn from the literature and online and in-classroom discussions how various institutions and governance structures have affected land and housing policies in developing countries. Based on this understanding, we will explore reform strategies for increasing the supply of affordable housing and improving tenure security for the urban poor.

**Requirements and Grading**

**Requirements:**

1. **Participating in an online course**
   Starting from March 16 – April 13, we will shift from a traditional instructional structure to a blended learning method. You will participate in a five-week online class by:
   a. viewing the materials including videos, texts, and assigning readings,
   b. coming to the regular classes to exchange your ideas with your peers in person as well as other international experts who take the course online through WebEx, and
   c. contributing to online discussions using the edX online discussion platform.

2. **Class participation**
   For the other sessions of the course, we will continue to employ the normal instructional approach. Students are expected to read the assigned materials prior to coming to each class and participate actively in the discussion and to apply the theoretical ideas to a real-world case.

3. **Form a group to work on an urban expansion project in a selected country**
   Students will be divided into groups to work on a specific issues related to urban expansion or redevelopment in a developing country. You are required to meet with your team at least once a week outside class to discuss your group project.

4. **Final report**
   Based on your class project, each group will design a strategy for reforming the institutional and governance structures in a selected country for dealing with the urban expansion challenges. The final Report will comprise two elements:
   • a class presentation at the end of the semester, and
   • a final report that is due on May 18, 2017 (the last day of classes).

Further details of the group project and final report will be provided at the first class.
Grading:

Students will be graded according to the following weights:

- Class participation (including the online segment): 20%
- Group members’ self-evaluation: 15%
- Final Report on reform strategy: 40%
- Class presentation of the final paper: 25%

Final grades are based on a weighted average for the term. Grade cutoff points are:

- A = 95-100%; A- = 90-94%; B+ = 86-89%; B = 80-85%; B- = 75-79%; C+ = 70-74%; C = 65-69%; C- = 60-64%; D+ = 56-59%; D = 50-55%; D- = 45-49%; F = ≤ 45

Prerequisites

There are no prerequisites for this class.

Disabilities

If you have a documented disability, or any other problem you think may affect your ability to perform in class, please see me early in the semester so that arrangements may be made to accommodate you. For more information see: http://studentlife.mit.edu/dso/students.

Academic Misconduct

Plagiarism and cheating are both academic crimes. Never turn in an assignment that you did not write yourself or turn in an assignment for this class that you previously turned in for another class. If you do so, it may result in a failing grade for the class, and possibly even suspension from the Institute. Please see me if you have any questions about what constitutes plagiarism. Anyone caught cheating will be reported to the Provost in line with recognized university procedures. For more information see: http://web.mit.edu/academicintegrity/
Topics and Schedule

I. Introduction
February 9 Course Description, Goals, and Requirements

II. Property Relations of Land and Housing in Developing Countries
February 16 Formal Rights vs. Informal Claims
February 23 Freehold vs. Leasehold and Community Ownership

March 2 Property Rights vs. Obligations
March 9 Property Exchanges

III. Entrepreneurial Land Redevelopment Approach: Land Readjustment
The blended learning segment begins.
March 16 Module 1: Introduction and Definition
March 23 Module 2: Evolution of Land Readjustment and Current Examples
March 30 Module 3: Myths and Realities of Preconditions for Achieving Land Readjustment Goals  (Spring Break for MIT)

April 6 Module 4: Designing and Implementing Land Readjustment
April 13 Module 5: Reflection and Conclusion

The blended learning segment ends.

IV. Land Use Regulation and Informality
April 20 Land Use Regulation and Informality
April 27 Planning Practices in Response to Informal-Formal Dynamics

V. Financing Informal Settlement Upgrading and Regularization
May 4 Land Value Capture/Sharing
May 11 Ways Forward: Redesigning Institutions and Governance
May 18 Group project presentations
Reading Assignments

Please read the assignments in the order of the publication dates

I. Introduction

February 9  
**Class Description, Goals, and Requirements**  
(No reading assignment)

II. Property Relations of Land and Housing in Developing Countries

February 16  
**Formal Rights vs. Informal Claims**


Suggested Readings:


**February 23  Freehold vs. Leasehold and Community Ownership**


_Suggested Readings:_


**March 2  Property Rights vs. Obligations**


*Suggested Reading:*


**March 9  **  **Property Exchanges**


*Suggested Readings:*


**III. Entrepreneurial Land Redevelopment Approach: Land Readjustment**

The blended learning segment begins here. Students should view the videos and read the assigned readings in accordance with the instruction of the online course. There are also suggested readings at the end of this section for advanced students who want to pursue this topic as a major field of their study at MIT.

**March 16  **  **Module 1: Introduction and Definition**

**March 23  **  **Module 2: Evolution of Land Readjustment and Current Examples**

**March 30  **  **Module 3: Myths and Realities of Preconditions for Achieving Land Readjustment Goals  (Spring Break for MIT)**
April 6  
**Module 4: Designing and Implementing Land Readjustment**

April 13  
**Module 5: Reflection and Conclusion**

*Suggested Further Readings:*


IV. Land Use Regulation and Informality

**April 20  
Land Use Regulation and Informality**


*Suggested reading:*


**April 27  
Planning Practices in Response to Informal-Formal Dynamics**


*Suggested readings:*


V. Financing Informal Settlement Upgrading and Regularization

**May 4**  
*Land Value Capture/Sharing*


*Suggested Readings:*


**May 11**  
*Ways Forward: Redesigning Land Governance*


May 18  
*Project Presentations*