**Description and Objectives**

In this class, we will define and assess the various institutional and governance structures for urban land management systems that have significant implications for housing 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. More significantly, access to affordable land and housing is considered a human right in most 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.

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 the interactions between related institutions has proven to be a daunting task.

Among all policy challenges, we will focus on 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,
• conventional approaches of dealing with informal settlements, and
• financing informal settlement upgrading and regularization.

First, with regard to property relations of land and buildings, we will cover four policy issues: (1) formal rights vs. informal claims; (2) freehold, leasehold, and communal ownership; (3) property rights and obligations; and (4) landlord-tenant relationships. The objective is to develop an array of property relations 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 can coordinate land management, integrate spatial planning with financial and sectoral 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 sharing. We will compare the advantages and disadvantages of these approaches, with special attention to varying contexts. A new approach called participatory and inclusive land readjustment propagated by UN-HABITAT will be examined critically with regard to its claims that the method could reduce the chance of confrontation and increase cooperation and public participation in the process.

Fourth, no matter what approaches a country employs to upgrade informal settlements or to contain their expansion, the financial requirements for undertaking the 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 prevention and upgrading. The focus is on mobilizing resources from both the public and private sectors and from the involved communities to make the intervention financially and institutionally viable.

By discussing in detail these four land- and housing-related policy issues, we hope to learn from the literature and class 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. **Weekly reflection on readings and class discussion**
   Each student is required to keep an electronic journal to record her or his reflections on the reading assignments and class discussions. I will collect and review the journal each week and provide feedback if confusion or misconception is identified in the journal.

2. **Class participation**
   Students are expected to read the assigned materials prior to coming to each class and participate actively in the discussion.

3. **A short essay on policy issues related to informality in a selected developing country**
   Each student is required to submit a short essay to identify a policy problem associated with housing informality in a chosen country. The essay will explain the origin of the problem and its impacts on urban development. The short essay is due on November 7, 2013.

4. **Final paper**
   Based on the short essay, each student will design a strategy for reforming the institutional and governance structures for the identified problem. The final paper will comprise two elements:
   a. A class presentation at the end of the semester.
   b. A final paper that is due on December 11, 2013 (the last day of classes)

Further details of the short essay and final paper will be provided at the first class.

Grading:

Students will be graded according to the following weights:

- Weekly submission of the journal: 20%
- Class participation: 20%
- Essay on policy problem identification: 20%
- Final paper on reform strategy: 20%
- Class presentation of the final paper: 20%

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 formal 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

September 5  Course Description, Goals, and Requirements

II. Property Relations of Land and Housing in Developing Countries

September 12  Formal Rights vs. Informal Claims
September 19  Freehold vs. Leasehold and Community Ownership
September 26  Property Rights vs. Obligations
October 3  Landlord-Tenant Relationships

III. Land Use Regulation, Property Exchanges, and Informality

October 10  Land Use Regulation and Informality
October 17  Formal and Informal Property Exchanges
October 24  Planning Practices in Response to Formal-Informal Dynamics

IV. Conventional Approaches of Dealing with Informal Settlements

October 31  Forced Eviction and Voluntary Relocation

November 7  Titling and Incremental Upgrading
November 14  Land Sharing and Participatory and Inclusive Land Readjustment

IV. Financing Informal Settlement Upgrading and Regularization

November 21  Land Value Capture/Sharing
November 28  Thanksgiving Holiday
December 5  Ways Forward: Redesigning Institutions and Governance
December 11  Project Presentations
Reading Assignments

Please read the assignments in the order of the publication dates

I. Introduction

September 5  Class Description, Goals, and Requirements
(No reading assignment)

II. Property Relations of Land and Housing in Developing Countries

September 12  Formal Rights vs. Informal Claims


Suggested Readings:


September 19  Freehold vs. Leasehold and Community Ownership


*Suggested Readings:*


**September 26   Property Rights vs. Obligations**


*Suggested Reading:*


**October 3   Landlord-Tenant Relationships**


Suggested Readings:


III. Land Use Regulation, Property Exchanges, and Informality

October 10  

**Land Use Regulation and Informality**


Suggested reading:


October 17  

**Property Exchanges**


Suggested reading:


**October 24**  
*Planning Practices in Response to Informal-Formal Dynamics*


Suggested readings:


**IV. Conventional Approaches of Dealing with Informal Settlements**

**October 31**  
*Forced Eviction and Voluntary Relocation*


Suggested readings:
November 7  Titling and Incremental Upgrading


Suggested readings:


**November 14  Land Sharing and Participatory and Inclusive Land Readjustment**


*Suggested readings:*


**IV. Financing Informal Settlement Upgrading and Regularization**

**November 21  Land Value Capture/Sharing**


*Suggested readings:*


**November 28  Thanksgiving Holiday**

**December 5  Ways Forward: Redesigning Land Governance**


**December 11  Project Presentations**