

Good Practice Guidelines

Participatory Approach to Core Area Development A Guide to Good Practice

DFID Research Project R 6860

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March 2000

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The Max Lock Centre, University of Westminster, produced this report with the support of the Infrastructure and Urban Development Department (IUDD), British Government Department for International Development (DFID). The views expressed are those of the authors and do not necessarily reflect the policy of DFID.

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Design and layout by Max Lock Centre

Printed by:
The Max Lock Centre
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London, United Kingdom

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The Max Lock Centre would like to thank all those above who generously gave their time and enthusiasm. We are also indebted to the many officials and residents of the case study areas who contributed their local knowledge to the field surveys, workshops and seminars.

These Fact Sheets set the current urban scene for the specific topic each cover and suggest ways and means within that topic towards achieving sustainable mixed use core area development.

Identifying the Appropriate Course of Action

Purpose

Identifying the development process to be followed and the course of action that might be appropriate to a particular set of circumstances, and assessing what power each stakeholder has to initiate or drive the process.

This Fact Sheet seeks to identify some of the situations (in terms of ownership, tenure and occupancy status of the site) and stakeholder motives which might be encountered within the process of a mixed use, participatory approach to core area development. Alternative courses of action available to the different stakeholders (appropriate to each given set of circumstances) are outlined. The Fact Sheet is split into different sections; each section deals with each different stakeholder, and identifies some alternative ways that the stakeholder might initiate the process. These alternatives (and the development scenarios listed below) are intended to be indicative; within a given situation there are many complex variables (physical, social, economic and political) and motives that should be established and taken into account when identifying the best course of action.

Introduction

The process for achieving sustainable mixed use development in core areas is largely based around a participatory approach. Who initiates and drives the process will largely depend upon the particular development scenario, and the comparative strength of the different stakeholders¹. The government (central or local) can play a major role in initiating, facilitating or driving the process. NGOs or government agencies (where appropriate) can also play a critical role, particularly if the local community is the initiating stakeholder since it is likely to need an increased level of advice and support from the outset.

An NGO or Consultant's role in the different development scenarios is primarily supportive, usually involving the provision of technical advice, financial

¹ See Fact Sheet 5 for information on Community Organisation.

assistance and general capacity building, enabling the community to either initiate the process or to lobby other bodies/agencies to initiate the process. It may be that a key function of the NGO or consultant would be to establish all the local rights and restraints that would be similar to, but not necessarily the same as, those outlined in section 3A below, so that it is well advised which of the many mechanisms would be the most suitable – singly or in combination – to put to the community as the best base from which to lobby.

The role of the consultant/NGO should be to understand the conflicts of interest inherent in the ways that the Community, Authority and Commercial Developer (as set out above under sections 1, 2 and 3 below) approach redevelopment issues and to act on behalf of the community to negotiate and achieve the best compromise in the community's interest.

1. The Community
❖ Are you living in any of the following situations?
<p>A. Where a low-income community lives as unauthorised settlers on a site or part of a site that is subject to commercial (or political) pressure for redevelopment (e.g. Motia Khan).</p> <p>B. Where a low-income community is occupying land with varying degrees of legality in a core urban area that is under commercial pressure for redevelopment (e.g. Karet Tengsin).</p> <p>C. Where a low-income community is legally occupying a site that is not under pressure for redevelopment but has a potential commercial value (e.g. Recife).</p>

If so you may wish to consider the following action:

Option A – Where a low-income community live as unauthorised settlers on a site or part of a site that is subject to commercial (or political) pressure for redevelopment they can either:

- Lobby government for legal tenure rights on a suitable site close by to enable residents to continue living close to their livelihoods and social support networks that they have built up over the years. Those who have lived on the site for a longer period may have more rights to the land than new arrivals/occupants.
- Lobby government to incorporate and offer legal tenure to existing settlers in a land sharing arrangement. Profits from commercial leases on the site could be used to cross subsidise the provision of low-income housing or serviced sites to low-income residents. The promotion of the granting/regularisation of tenure as the only appropriate solution is not always appropriate. Some

research suggests that tenure regularisation can often have negative consequences and is not always the best solution.

Option B – Where a low-income community is legally occupying land in a core urban area that is under commercial pressure for redevelopment they can either:

- Sell land individually to prospective developers in the hope of making a short-term profit. The original owner may then use the profit to buy and sell a similar plot on another site that is under commercial pressure to redevelop. This option promotes both gentrification² within existing layouts and buildings as well as by redevelopment and change of use and is common in many cities throughout the world. Gentrification as a process frequently results in increasing land values and the displacement of the low-income community.
- Act as a united group of landowners and enter into a mixed use partnership development with developers / business entrepreneurs who want to develop part of the land on a commercial basis. By sharing land with commercial tenants on a leasehold basis profits generated from commercial rents can be either shared amongst the landowners or used to improve existing living conditions on site (infrastructure, housing, services, facilities). This option may result in densification of existing dwellings as land is set aside for commercial use. The option deters gentrification on the particular site but may stimulate it in the surrounding area as newly established commercial activity leads to an increase in land values. The option also allows residents to remain close to their livelihoods.

Option C – Where a low-income community is legally occupying a site that is not under pressure for redevelopment but has a potential commercial value they can either:

- Lobby government for development incentives that will attract commercial developers/business interests onto the site. This could occur as a policy directive (i.e. as part of an integrated development plan) or specific intervention.
- Lobby government to initiate development or support community (technically, politically or by issuing development incentives) in the development of a joint partnership with interested stakeholders to develop part of the land that could be leased out on a commercial basis.

² **Gentrification** – is the process by which a previously low-income area is transformed (through physical, social, economic and cultural means) into a more affluent area through redevelopment and/or re-modelling dwellings which results in increased land and property values and the displacement of the poor (adapted from Webster's Dictionary of the American Language, 1988). In this case the term refers to higher-income groups buying up land or property occupied by poorer households, leading to an increase in land values. This can result in the residents of low rental accommodation being forced to leave the area because they can no longer afford to live there. It can also tempt low-income landowners to sell their properties and move elsewhere. In both cases the stock of low-income accommodation in these key areas will be lost.

- Initiate change themselves by seeking support (i.e. financial / technical assistance) from an NGO to help develop part of the site on the commercial basis. With ongoing support from an NGO the community may be in a position to attract and develop commercial interest on part of the site on its own or may want or need to enter into a partnership arrangement with either the private or public sector.

*For information on **Community Organisation** see Fact Sheet 5*

*For information on **Land sharing** see Fact Sheet 7*

*For information on **Partnerships** see Fact Sheet 9*

2. Planning Authorities, Public Development Agencies and Urban Management Bodies

❖ **Are you faced with trying to find development solutions for the following situations?**

Reactive role

- A. Where a publicly owned or part owned site is legally/illegally occupied by low-income residents and under commercial pressure for redevelopment.
- B. Where illegal occupants squatting on private land ripe for commercial development refuse to leave.

Active role

- C. Where a site, legally occupied by low-income residents, has potential commercial value but does not have commercial pressure for development .
- D. Where land is publicly or privately owned and government wants to redesign urban space to accommodate mixed use solutions.
- E. Where encouragement of mixed use development on a site that is commercially well-located but has become redundant and there are no legal or illegal residents on it.
- F. Where developers need to be encouraged to accommodate or introduce mixed use development solutions on a particular site.

If so you may wish to consider the following action:

Option A – Where a publicly owned or part owned site is legally/illegally occupied by low-income residents and under commercial pressure for redevelopment, government can either:

- Persuade residents to agree to be re-housed on part of the site so that a commercially valuable part of the land (e.g. road frontage) can be leased to commercial tenants. The profits generated can then be used to cover the costs of re-housing an existing population, reduce existing residential rents and service charges, improve existing infrastructure and services and provide social /educational facilities.

Re-house existing residents on a site in the local area to avoid disruption of livelihoods and social support networks that communities have developed. Option B – Where illegal occupants squatting on private land ripe for commercial development refuse to leave government can:

- Facilitate a negotiated land sharing partnership (for example Klong Toey in Bangkok, see Fact Sheet 7, box 7.3) between the community and landowner allowing the landowner to regain control and realise the commercial value of the land.
- Provide alternative accommodation for the community on a suitable site in the local area to avoid disruption of livelihoods and social support networks that communities have developed.

Option C - Where a site, legally occupied by low-income residents, has potential commercial value but does not have commercial pressure for development , government can:

- Approach the local community and encourage them that it is possible to secure a commercial development as a combined interest rather than one of individuals selling up to commercial entrepreneurs piecemeal. This would ensure the long-term interests of the community as a whole by allowing them a continued stake in the enhanced values commercial development will bring to their settlement.

Option D - Where land is publicly or privately owned and government wants to redesign urban space to accommodate mixed use solutions government can either:

- Introduce transferable development rights (for example Mumbai in India, see Fact Sheet 7, box 7.6) to developers/landowners whereby the developer/landowner gives up land in return for development rights to another piece of land elsewhere equal to that surrendered. This allows government to buy up large pieces of land that it can then use for mixed use development.

- Introduce land readjustment/pooling (for example Japan and South Korea, see Fact Sheet 7, box 7.5) of large tracts of land to re-establish planning control over city development. Governments in both these countries have used the technique to provide low-income housing in cities. The main drawbacks are that experience of the technique has been most practiced to convert rural land into urban use and takes a long time, as each landowner has to be persuaded to take part. In theory there is no reason why this technique should not be used in urban areas where a larger pooled site would give greater development advantages to all stakeholders.

Option E - Where encouragement of mixed use development on a site that is commercially well-located but has become redundant and there are no legal or illegal residents on it government can either:

- Purchase the land from existing landowners and as part of an urban renewal or regeneration strategy redevelop part of the site on a commercial basis and use the profits to cross subsidise the cost of building low-income housing for the local squatter population in nearby areas.
- Persuade or provide incentive to existing landowners to follow a similar development to that described above.

Option F - Where developers need to be encouraged to accommodate or introduce mixed use development solutions on a particular site government can either:

- Introduce conditions that developers must build additional buildings (e.g. social facilities such as schools, crèches, housing, etc.) to serve the needs of the local community before planning permission can be granted for any development. Examples include planning gain (obligations) in the UK and incentive zoning (floor space index) in India (see Fact Sheet 7).
- Introduce land based incentives (for example India, see Fact Sheet 7) that encourage developers to redevelop informal settlements in return for receiving a piece of land on the site that they are permitted to develop on a commercial basis. This measure is aimed at encouraging private sector investment in dilapidated areas that have high potential commercial value.

*For information on **Land Sharing** see Fact Sheet 7*

*For information on **Land Readjustment/Pooling** see Fact Sheet 7*

*For information on **Transferable Development Rights (TDR)** see Fact Sheet 7*

*For information on **Incentive Zoning, Planning Gain and Least Cost Planning** see Fact Sheet 7*

*For information on **Partnerships** see Fact Sheet 9*

3. Developers, Land Owners and Financial Institutions

❖ **Are you faced with trying to find development solutions for the following situations?**

- A. Where the site or part of a site is occupied by unauthorised settlers and is subject to commercial (or political) pressure for redevelopment.
- B. Where a site is legally occupied by low-income residents and is subject to commercial pressure for redevelopment.
- C. Where the land use of a commercially well-located site has become redundant and there are no legal or illegal residents on it.

If so you may wish to consider the following action:

Option A - Where the site or part of a site is occupied by unauthorised settlers and is subject to commercial (or political) pressure for redevelopment.

- Examine constitutional/statutory/human rights of occupants within the local context. Establish policies and attitudes of local planning and housing authorities to resettlement of squatters. Establish contact with local on site stakeholders directly, or through NGOs, to establish strength of demand from occupiers to stay on site, in the area or elsewhere. Balance legal, financial and political considerations of accommodating part or all of existing occupiers as against possible eviction or relocation. The computer model produced as part of this research would be useful in calculating these often conflicting considerations (see Fact Sheet 10).

Option B - Where a site is legally occupied by low-income residents and is subject to commercial pressure for redevelopment.

- If legal residents have refused to accept payment for their property and to move off the land or no other acceptable land can be found for them in the vicinity then a land sharing arrangement might be considered. This will allow developers and/or landowners willing to redevelop to gain control of more of the land so that an economically viable scheme through a more comprehensive redevelopment can be considered. Thus at least some, if not all, of the commercial value of the land can be achieved whilst still retaining the interests and needs of existing owner-occupiers and landowners.

Option C - Where the land use of a commercially well-located site has become redundant and there are no legal or illegal residents on it.

- Enter a land sharing partnership with government and local communities in the area. Developers may be able to offer up their land for social development in return for a more commercially viable piece of land elsewhere in the city (for example transferable development rights in India, see Fact Sheet 7). The overall object of the exercise in this case is to get a change of use from redundant to commercial and to use the increased value there from for the planning/local authority and the local community to gain low-income accommodation in the redevelopment scheme. There must be an assumption here that the authority is in a strong enough position to demand this kind of trade off from a commercial developer. The developer needs to assess what non-commercial element he may have to offer the authority in order to be granted permission to develop and to balance this against his expectations of increased land value (or what he can offer on an option to purchase if he does not already own the redundant site in the first place.)

*For information on **Land Sharing** see Fact Sheet 7*

*For information on **Transferable Development Rights** see Fact Sheet 7*

*For information on **Partnerships** see Fact Sheet 9*

4. NGOs, Consultants and Technical Aid Organisations

❖ Are you faced with trying to find development solutions for the following situations?

- A. Where a site or part of a site is occupied by unauthorised settlers and is subject to commercial (or political) pressure for redevelopment.
- B. Where a site is legally occupied by low-income residents and is subject to commercial pressure for redevelopment.
- C. Where a site is legally occupied by low-income residents and does not have pressure for commercial development but has potential commercial value.
- D. Where it may be possible to re-house low-income settlers within the neighbourhood in which they currently live and/or gain their livelihoods but not on the site they currently occupy.
- E. Where the land use of a commercially well-located site has become redundant and there are no legal or illegal residents on it.

If so you may wish to consider the following action:

Option A – Where a low-income community live as unauthorised settlers on a site or part of a site that is subject to commercial (or political) pressure for redevelopment, NGOs/Consultants can:

- Assist the community in lobbying the landowner and or government for fixed tenure rights to the existing piece of land or failing that on an alternative site close by. Both solutions provide an alternative to eviction or relocation away from their existing area of abode and allow residents to continue living close to their established livelihoods and social support network on which they rely.
- Assist the community in brokering an agreement with the landowner to land share the site.
- Assist the community to access finance to purchase the land and house themselves. This could be possible if the consultant/NGO draws up a development plan that would generate sufficient value to allow cross-subsidisation.

Option B – Where a site is legally occupied by low-income residents and is subject to commercial pressure for redevelopment (or there is commercial potential) NGOs/ Consultants can:

- Assist the community to act as a united group of landowners and enter into a mixed use partnership development with developers / business entrepreneurs who want to develop part of the land on a commercial basis (see also section 1B above).
- Assist the community to lobby government for development incentives that will attract commercial developers/business interests onto the site (see also section 1C above).
- Assist the community to lobby government to initiate development or support community (technically, politically or by issuing development incentives) in the development of a joint partnership with interested stakeholders to develop part of the land that could be leased out on a commercial basis (see also section 1C above).
- Assist the community (through financial and technical support) to initiate changes themselves, developing part of the site on a commercial basis (see also section 1C above).

*For information on **Land sharing** see Fact Sheet 7*

*For information on **Partnerships** see Fact Sheet 9*