

Good practice in core area development: combating poverty through a participatory approach

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Introduction

As the introduction to this book notes, sustainability within urban development is a concept that embraces socio-economic issues alongside physical, environmental and political factors. Barton (2000) suggests that the phrase ‘sustainable development’ may in itself be a paradox, seeking to conjoin two seemingly irreconcilable principles, those of environmental sustainability and economic development. This apparent paradox has led to the development of different uses of the term of sustainable development, with their own emphasis: a global ecology-centred use, and a people-centred use, which has subsequently been most widely accepted internationally (Barton, 2000). The latter emphasize the principle of equity (Elkin et al., 1991). Ensuring that development is equitable (for existing and future generations) involves enabling all sections of society to gain access to resources and opportunities for employment, shelter and recreation. Inequity is not just a major concern in its own right, it also implies inefficient use of resources, particularly human resources, and can lead to environmental degradation and resource depletion (Elkin et al, 1991).

The livelihoods of people living in poverty in informal settlements in the centrally located areas of cities in developing countries depend, more often than not, upon commercial activities and employment opportunities occurring within the immediate vicinity. Such settlements are continuously vulnerable to commercial development pressures and their inhabitants face eviction, relocation or pressures to move to peripheral areas, limiting the capacity of the poorest households to maintain a livelihood.

This chapter explores an equitable approach to urban development that aims to secure and improve the lives and livelihoods of these particularly vulnerable households and the communities of which they are part. Equity within the development process, in this context, can be achieved through a partnership between the different stakeholders and empowerment of the local community (frequently the weakest stakeholders) to

enable its members to engage and participate in a process of urban renewal. The approach is based upon making use of the high land values in the central and strategically located areas of cities to help generate economically viable development or redevelopment of low-income communities, including housing and space for employment-generating activities. City centre redevelopment of this kind can contribute to reduced energy use, building an inclusive society and maintaining the social and economic fabric that keeps urban centres alive, self-sustaining, stimulating and prosperous.

The text is based upon the findings of extensive research and fieldwork undertaken in Delhi, Jakarta and Recife between June 1997 and March 2001 (Max Lock Centre, 2002a)¹. The research identified relevant core area locations within each city and surveyed the resident low-income population to investigate their living conditions and social and economic circumstances. The feasibility of different options for the redevelopment of the identified core area sites, using varying levels of cross-subsidization of low-income development by commercial development, was explored with the aid of computer-based tools developed as part of the research.² The outputs of these studies were discussed with local stakeholders in a series of associated workshops.

The chapter first briefly describes the nature of the core areas of cities. Second, it identifies some of the key development issues arising from these characteristics. Third, the characteristics of the case study communities are described and the research process outlined. A possible means of supporting the livelihoods of poor residents in core areas through a sustainable approach to development is outlined and discussed, leading to the formulation of a number of principles on which such an approach could be based. The process of achieving sustainable core area development is outlined and some of the barriers to a successful outcome which were identified in the feasibility studies discussed, leading to the identification of the conditions in which the approach advocated would be appropriate.

Understanding the context: core areas and the livelihoods of the urban poor

Most cities and their administrations face a fundamental dilemma arising out of the intrinsic nature of urban development. Where large numbers of people congregate to

live and work, land becomes an increasingly scarce and expensive resource that commands very high and – over time – ever-rising prices. At the same time, cities must also accommodate many poor, or less well off people, who are unable to afford the costs associated with high and rising land values. Cities are concentrations of wealth and centres of investment. Of necessity, they must also export goods and services to surrounding regions and to more distant trading partners to pay for the imports of food, fuel and other resources needed to provide for the needs of their. Cities need to export goods and services to surrounding regions and to more distant trading partners to pay for the imports of food, fuel and other resources needed to provide for the needs of their inhabitants. Around such export industries – typically manufacturing and commerce, transshipment and warehousing, legal, financial and other producer services, government, higher education and other public services – grow a range of activities geared towards the needs of urban inhabitants themselves: retail, food and leisure, housing and real estate, transportation and local public services.

With this great range of economic activity comes a diversity of employment, wealth, level of income and social status. In particular, in the fast-growing cities of developing countries, there are growing numbers of low-income inhabitants who act as providers of cheap labour and low cost services to their fellows and the better-off residents of the city. Most of their economic activity is characterised as ‘informal’ – unregulated street selling or small scale manufacture in homes or local workshops, self-employed domestic service work, and the like. Yet for the well off and not so well off, much of this low-cost activity provides an essential – and subsidised – basis for life in the city (Max Lock Centre, forthcoming 2002a). While rapid population growth and in-migration can contribute to unemployment or ‘under-employment’, the importance of the livelihood activities of low-income inhabitants to the urban economy frequently goes unrecognised. For example, the *Favelo do Rato* is a small informal settlement on the *Ilha de Recife*, the old colonial port area on the coastal tip of downtown Recife in the North East of Brazil. The major port activity is now concentrated in a new container installation outside of the city, but the old port, though run down, is still active. The settlement consists of some overcrowded, illegally occupied, derelict port buildings, and numerous small shacks, one-deep, that

line a few back streets of the port. This pocket of extreme deprivation provides an important service function, with the shacks serving as cheap food outlets for low-paid stevedores.

The concentration of livelihood opportunities in central locations is, of course, seldom matched by affordable housing of a decent standard. The result is the mushrooming of overcrowded slums, illegal settlements on waste land and sites considered inappropriate for 'normal' occupation or development, or rented accommodation in legally developed but equally overcrowded and health-threatening conditions.

Issues in planning for core area (re)development

The term 'core area' is used in the context of this chapter to cover those central and most accessible locations where the livelihood opportunities of the urban poor are often concentrated, where their living conditions are harsh, and where the potential for urban authorities to capture land value to finance social benefit is greatest.

Economic pressures on the central areas of cities give rise to large-scale commercial developments (Bairoch, 1988) that displace or fail to accommodate the low-income households whose livelihoods are based upon central service employment. Core area commercial redevelopment too often causes an exodus of residents to the outlying areas of the city, in areas often remote from the source of their livelihoods. In many cases, this process is facilitated by public authorities, who promote planned relocation of low income core area populations in large housing estates on the urban periphery or in new or expanded satellite settlements. Often little thought is given to the relationship between home and work or the implications for the communities affected. In addition, the regional environmental impacts are seldom recognised (Lloyd-Jones, 2000).

The approach outlined in this chapter focuses on the redevelopment of core area sites to release potential commercial land value, part of which can be used to improve the living conditions of the resident community. Any core area site that is currently used at below its potential land value could be redeveloped for high value uses and/or social benefit of this kind. Generally, most core area sites have been used, and renewal will involve redevelopment and change of use, rather than the development. In planning for such renewal, a number of key issues need to be considered:

appropriate land-use patterns; the locational requirements of small-scale enterprise; land tenure and property rights and whose interests need to be taken into account. Each of these is briefly discussed, before the approach advocated in this chapter is described.

Mixing uses

The approach to development advocated here requires a careful mix of uses and the provision of community buildings and amenities, to ensure that the sensitive balance between activities, livelihoods and social capital is maintained. Planning legislation and regulations are of crucial importance in this respect. Existing legislation may severely hinder the process if development is regulated according to master plans that zone cities into mono-use areas, and do not accommodate mixed-use uses. In the context of this chapter, we refer to mixed use, broadly, as development comprising more than one use and value on a single plot or within a single building, or an area where sites and buildings of different uses and values are grouped together, as illustrated in Figure 12.1.



Figure 12.1 Appropriate fine-grained mixed-use development in Old Delhi
Photo: Tony Lloyd-Jones

A conventional zoning approach to planning seeks to minimize the potential functional and environmental conflicts that may arise out of the location of different uses together. Both the short-term profit-maximizing motives of developers and the preference of property managers and investors for a single type of occupier ensure that commercial redevelopments tend to focus on a single use, selected according to the location (Marsh, 1997).

Typically 'mixed-use development' is seen in areas with modestly sized sites and buildings that have grown incrementally, with flexibility to meet the changing needs of individual landowners, occupiers and tenants, whether commercial or residential (Jacobs, 1961). The co-location of types of development with different values within a particular use category (e.g. high- and low-income residential, prime and low-value commercial, community buildings and amenities) is implied by the concept of mixed use as it is employed in this chapter. Underpinning the rationale for such a mixed-use approach to development are the functional relationships that exist between these different types of land use and the flexibility of a city neighbourhood to accommodate changes and diversify over time (in levels of income, production and consumption).

Displacement of small-scale enterprise

Large-scale commercial developments may also displace small-scale business and service enterprises, resulting in the reduction of labour-intensive livelihood opportunities in city centres. Affordable space in older, individual and family-owned properties that offer economic adaptability through subletting is lost with the purchase and demolition of existing buildings. Rarely is sufficient provision made in redevelopment plans for central re-accommodation of small-scale enterprises, many of which provide a critical service function to larger scale businesses and their employees. Without ready access to such markets, it is difficult for such enterprises to survive.

When households are moved to more peripheral locations, they may be forced to travel long distances to their existing workplaces which, even if affordable in time as well as money, is likely to place a significant strain on household resources. Travel times and costs increase for poor households, and the increased travel has an impact on the environment through increasing energy use and air pollution. Alternatively,

people relocating in peripheral areas will be forced or chose to find sources of livelihood that are closer at hand – making use of employment opportunities that have less variety and are more spread out than in central areas. Finding these alternatives will inevitably take time and place further strains on the household.

Even when people work from home, they are bound by location, relying on networks of local vendors for raw materials, and on central wholesale markets, street markets or hawking in better off and more densely populated central locations to sell their wares. Most service activities, like domestic service, are based in wealthier areas where the poor cannot afford to live or where they are under constant threat of eviction in order to make way for higher-value development uses, rendering the resident low-income populations very vulnerable to displacement. The dispersal and relocation of existing communities – whether through planned relocation or eviction, or through a slower process of gentrification – leads to the disruption of existing networks that tie communities together within neighbourhoods and link neighbourhoods to nearby city districts through commercial, political and other contacts – in other words, to the haemorrhaging of social capital.

Land tenure and property rights

The nature of the land tenure or property rights of a resident low-income community affects their status and security. Land tenure can be defined as the mode by which land is held or owned, or the set of relationships among people concerning land or its product. Property rights are similarly defined as a recognised interest in land or property vested in an individual or group and can apply separately to land or development on it. Rights may cover access, use, development or transfer and, as such, exist in parallel with ownership (Payne, 1997, 2001). In the core areas of developing country cities, there may be different tenure systems in place, sometimes in tandem: formal, informal, indigenous and religious. While informal tenure arrangements are most often regarded as illegal, many of those with such arrangements have a sense of security. This implied security has occurred either as a result of the local authority providing infrastructure and services to informal settlements, or because the public sector has neither the capacity nor the political will to offer alternative living solutions to such large numbers of people. In addition, there may be legal provisions that give occupiers – whether legal or not – rights to be rehoused should the site they occupy be

subject to redevelopment by the owner. An example of legislation that attempts to enforce (although rarely with success) the on-site provision of low-income dwellings is the 1:3:6 policy introduced by the Indonesian national government, requiring six low-income residential units and three middle-income residential units to be provided for each high-income residential unit built (Max Lock Centre, forthcoming 2002a).

Regularization of the tenure of unauthorized occupants may be perceived as yielding benefits, for example improved access to formal credit systems and an incentive for an individual occupant to 'invest' in his or her property. However, often regularization programmes have been shown to distort property and land markets, increasing values and reinforcing the exclusion of the poorer sections of a community. An alternative approach is to increase the security of occupancy, extending existing customary arrangements where appropriate (Max Lock Centre, 2002a).

The stakeholders

In practice, in any centrally located area there are a range of stakeholders who have a varying degree of interest in taking a sustainable mixed-use approach to core area development. They include:

- planning authorities, public development agencies and other urban management bodies who may own the land, or who can play a role in facilitating partnerships between stakeholders in core area developments
- developers, land agents, landowners and financial institutions, who are most likely to be the initiators of development and the prime beneficiaries (in commercial terms) of redevelopment, but who, for political reasons, may need to negotiate with existing low income communities and urban authorities in the course of developing core area sites
- NGOs, consultants and technical aid organizations, who may be involved in aiding low-income urban communities on the ground
- policy-makers in donor organizations, governments and city institutions who may be responsible for framing policies to enable the implementation of balanced, sustainable and integrated pro-poor development in core areas of cities

- low-income communities themselves, who need to negotiate with landowners, developers, employers and city institutions to ensure that any development acknowledges and addresses the accommodation and livelihood needs of the existing residents and small enterprises.

Each of these actors has interests that may conflict. Some are more powerful than others and an equitable partnership is easier to achieve in principle than in practice. Part of the process should be to define common areas of interest with a view to achieving 'win-win' outcome. In the urban context, development negotiations can be complex, lengthy, costly, slow, easily blocked and frequently fruitless. On the other hand, there are few circumstances in which a stakeholder will not benefit from some type of development or redevelopment. One area of common interest, then, is in ensuring that development takes place at all.

Poor communities may have more to gain than most, but they also have the most to lose. Because they are traditionally the weakest participants and are often ignored by the more powerful actors, they are the most vulnerable. An important aspect of the discussion in this chapter is how to empower poor communities and promote their effective participation in the decision-making process. A major hurdle to empowerment arises out of the internal diversity of communities of the urban poor themselves. The term 'community' is used here in the broad sense of a group of people living and working in a particular neighbourhood and sharing an interest in their common environment. However, such generic, neighbourhood-based communities are clearly not homogenous. Residents' incomes and social status vary. Many different interest groups exist, whether organized or not: people related through economic activity, origin, ethnic background or kinship ties, or sharing common interests of gender or age group. Such diversity undermines political coherence and unity. Problems with neighbours and individual, family and household interests are frequently of greater concern than community issues, with resulting fragmentation of the stakeholder group (Max Lock Centre, 2002a). Mechanisms that address this fragmentation (through promoting community cohesion) are therefore a critical element of a sustainable, equitable, mixed-use approach to core area development.

Core area communities and the research process

The research on which this chapter is based sought to address this range of issues. Within the city studies that formed the major part of the research, the chosen sites housed large communities (5000+ inhabitants) of low-income households in informal, long-established neighbourhoods with limited or no security of tenure. The sites selected were of a minimum size (four city blocks or approximately 4 hectares) to allow for consideration of a full range of building and street types, access and layout arrangements. For the most part, they were subject to commercial pressures for redevelopment and/or pressures from public development authorities for redevelopment according to an official master plan. In some instances the latent commercial value of the site was hardly evident because of a perception of it as fixed in its present, low-value use. This was particularly the case where residents had been granted some form of security of tenure, however limited, where some upgrading had occurred, and where planning restrictions limited the future potential for market-based land redevelopment.

Typically, sites were located in areas with the following characteristics:

- within or close to the commercial core or central business district of the city
- close to new or existing commercial sub-centres outside the central business district
- close to nodal points such as large transport interchanges.

A detailed examination of the livelihoods pursued by households in the study settlements in Delhi and Jakarta, using data from special household surveys, revealed the critical importance of location for most residents. In the Motia Khan neighbourhood in central Delhi, for example, most people were too poor even to afford public transport, and relied on being within easy walking distance of livelihood opportunities. The community relied on access to the tourist trade, to nearby middle-class neighbourhoods for domestic employment, and to the wholesale markets of Old Delhi for supplies and markets for home-produced goods. Valuable social capital, in the form of networks of business contacts built up over time, was threatened by planned relocation of the community. Even local employers expressed concern at

losing people with whom they had built up trust and in whose training they had invested, through relocation to suburban sites. Residents of core area settlements in other city study locations were equally reliant on easy access to the central area economy, to which they were an important source of informal labour and services. In Jakarta, the availability of informal open space where small-scale local economic activities can locate is a crucial component in maintaining livelihoods. Such ‘pockets’ of activity (frequently overlooked in ‘planned’ settlements) support ‘life’ on the street.

The research team undertook feasibility studies for each of the sites identified, comprising a site analysis and proposals. A range of mixed-use development options with different proportions of commercial and residential provision (including low, medium and high-income provision) were considered for each of the sites.

Workshops were undertaken in each city to present and discuss the issues and development options identified. The field studies and follow-up workshops involved local research organizations, NGOs, community representatives, developers and city representatives.

Surveys showed that typically around 50% of residents preferred to be re-housed on site, while the remainder preferred to be relocated elsewhere in the area or at better space standards in more peripheral locations. In each of the major studies it was established that higher-density, mixed-use redevelopment incorporating an element or cross-subsidy from commercial development would allow for this level of rehousing on site at basic space standard, but with a much higher level of local services and with access to commercial work space.

Drawing on these feasibility studies and a review of failed redevelopment projects in the same cities, a more appropriate approach to the renewal of core areas is proposed in the following section.

Good practice in core area development: an approach to renewal

The hypothesis underlying the approach to development in core areas suggested here is that higher density, mixed-use redevelopment, incorporating an element of cross-subsidy from commercial development allows for the re-housing of a substantial proportion of the existing low-income population on site at basic space standards.

This allows a much higher level of local services, amenities and community buildings

to be provided, as well as access to commercial workspace. Commercial redevelopment that fails to acknowledge the needs of an existing low-income community has the same effect as gentrification: land values rise and low-income residents are consequently priced-out and displaced. The approach to development advocated here is an attempt to arrest the process of gentrification and displacement, enabling the profile of an area to transform through new commercial redevelopment, while at the same time protecting the position and interests of an existing low-income community. Potentially such an approach would enable:

- improvement of the health and quality of life of ultra low-income service workers and their dependents
- a reduction in development impact on the environment, as more sustainable patterns of living and working are developed
- the securing of a balanced and integrated community and a balanced mix of land uses, providing vitality and security in core commercial areas
- maintenance of a viable local service workforce
- the facilitation of new employment and small business development opportunities.

Situations in which such a mixed-use approach to core area development may be appropriate are:

- where there is commercial pressure (or commercial potential), but redevelopment is constrained due to conflicting interests of the developer or landowner and the site occupants, the nature of ownership, or illegal occupation of the site
- where local or central government has the political will to proactively address the issue of sustainable livelihoods for the urban poor in core areas, or to improve or regenerate core areas (including those pockets of land that may have developed incrementally)
- where there is a site sufficiently large for redevelopment, with a number of buildings of different uses and configurations (i.e. 2-3 hectares minimum), and

where the area is either in single ownership or there are a number of owners who are willing to cooperate.

Land development mechanisms

The approach is primarily concerned with capturing (and releasing) the premium on land values from development for the benefit of low-income households and communities. A number of mechanisms may be used to achieve this outcome in different contexts. In general, these mechanisms depend on public intervention, through policy or project facilitation. First, it is necessary for each indigenously acceptable tenure right system to be established, recognized, and worked with and through for each development. It is important that the intrinsic values of rights as understood by the various stakeholders are understood and evaluated (Max Lock Centre, 2002b). In addition, there are a number of formal mechanisms that may be used, such as planning obligations³ (used in the UK); Transferable Development Rights⁴ (used in India, the USA and Brazil); incentive-based planning codes⁵ (used in the USA, Hong Kong, India); or land pooling or readjustment⁶ (widely practised in East Asia). Such mechanisms enable individual developers to make an acceptable level of profit while providing social benefit in the form of low-income accommodation or land for infrastructure or social facilities. Alternatively, local authorities can act as intermediaries between landowners/developers and resident communities in brokering land sharing arrangements,⁷ providing a guarantee in situations of high risk and allowing 'locked-up' land values to be realized for the benefit of both parties. Thus a government can enable mixed-use development through the use of mechanisms that

- bring the land under central control
- pool and re-allocate land
- ensure developer compliance through conditions or incentives.

Community organization

Where communities are weak and disunited in the face of commercial development pressures, the opportunities for achieving social benefit through redevelopment are

easily lost. To realise such opportunities, communities need to act collectively (Max Lock Centre, 2002a). Within an existing community, there may already be active community groups or organizations, some of which may be informal and known about only within the community itself. It may be appropriate for a community to engage in the development process through these existing organizations, building on the groups' experience. The public agency needs a clear understanding of what groups or organizations are in existence, and the relationships between them (World Bank, undated). Alternatively, support may be given by government or an NGO to developing community organization.

Typical scenarios

If a core area site (or part of a site) is occupied by unauthorized settlers and is subject to commercial (or political) pressure for redevelopment, the introduction of mixed-use development can allow profits generated from commercial development to cross-subsidise the provision of appropriate housing for existing residents. Under conditions where it is not possible to clear the existing residents from the site, it allows a landowner to regain control of the site and realise its economic potential while rehousing all or part of the population already living on the site. It provides an alternative to either eviction or regularization and upgrading of the existing settlements. The latter process can block commercial development potential for an extended period.

In a situation where a site subject to commercial pressure for redevelopment is legally occupied by low-income residents, it is often possible to increase the density of development to allow commercial development while rehousing all or part of the existing low-income residential population on site. This solution can also overcome the displacement and loss of low-income accommodation caused by gentrification, but its success will depend on the willingness of individual owners to co-operate as well as the existing density and type of development. The scenario assumes an early awareness on the part of the community that individual acquisitions are in developer's mind.

If a site is legally occupied by low-income residents, is not under immediate pressure for development but has potential commercial value, then usually some kind of catalyst is required to kick start development. Without community action, a process of gentrification and the subsequent loss of low-income accommodation is likely to take place in the longer term as the commercial potential of the area becomes apparent. Individual owners will be able to realise the value of their plots, but the loss of centrally located low-income accommodation will be permanent, with considerable costs to the city as a whole.

Where it is not possible to rehouse low-income settlers on the site they currently occupy, then it may be appropriate to rehouse them elsewhere in the neighbourhood. Examples might include street dwellers or those squatting on dangerous or unhealthy sites. In such cases, the local government or an NGO could initiate development by actively pursuing a planning policy that would result in the development of low rent residential and business premises. This can be achieved within an overall development plan by identifying and enabling the comprehensive development of suitable central sites where high land values could be exploited for on-site cross-subsidisation. While suitable vacant sites may be in short supply in core areas, it is often the case that previously developed land falls derelict as a result of economic change or physical obsolescence, for example, land previously used for goods yards adjacent to central railway stations or for heavy industry and warehousing. Renewal strategies for such areas should consider using a policy of cross-subsidization to provide accommodation for the poor in these key locations.

Principles for a core area development process

Based on the above discussion, it is possible to identify a number of mainly social and economic principles underpinning the approach, which is based on a three-way (public-private-community) partnership, a principle that is also becoming a key element of current policy thinking on urban governance and local development. These principles, which build upon those identified for land sharing arrangements by Angel and Boonyabantha (1988), are listed in Box 12.1.

Box 12.1 Principles of Sustainable Core Area Development

❖ Sustainable local development

Ensure that new development respects the local urban context and population and addresses wider environmental concerns.

Acknowledge the rights and contribution that existing core area communities make to the sustainable economic success of redevelopment.

Counter the economic and social arguments put forward by commercial developers that mixing uses reduces value and creates social conflict.

Ensure diversity and sustainability through maintaining local, long-term, urban, low-income livelihoods, housing and workspace (affordable, needs-oriented); minimizing work-home travel distances and maximizing local choice and opportunity.

Maintain social capital and promote community economic development (and acknowledge the hidden costs in terms of loss of social capital associated with relocation policies).

Create management frameworks for perpetuating low-income occupation in core areas.

Maintain an economic balance between lower-value and higher-value activities; balancing commercial development with social benefit.

Enable land markets to work, understanding their potential and capabilities.

Capture value (development gain) from commercial development to ensure low-income inclusion as an integrated part of core area redevelopment.

Balance capital investment to ensure stakeholder commitment: commercial, public subsidy and investment by the community.

Establish community investment through access to appropriate/flexible banking and mutual aid.

❖ Community organization

Establish ways of strengthening community organization to enable effective negotiation.

Enable indigenous leadership to drive the process – a community can lead as ‘developer’ or act as a strong development partner to other interests.

Ensure support to communities from outside organisations and capacity building programmes.

Establish co-operatives and/or development trusts to ensure long-term community interests and rights.

❖ Participatory and partnership-based approach

<p>Achieve ‘political’ and stakeholder commitment to the process.</p> <p>Establish open and co-operative stakeholder dialogue early.</p> <p>Municipal and/or NGO support to facilitate negotiation and partnership.</p> <p>Align community aspirations and expected outcomes.</p> <p>Ensure the process contributes to broader social aims: social integration, institutional development and economic viability.</p>
<p>❖ Governance: appropriate controls and mechanisms</p>
<p>Municipal flexibility & innovation: address existing statutory constraints/conflicts: operate outside ‘normal’ processes or review existing controls.</p> <p>Develop appropriate regulatory mechanisms: conditions and incentives or partnership approaches to address constraints & create level playing field.</p> <p>Establish a flexible planning framework, to operate at the wider city scale and within core commercial areas and respond to specific sites with briefs/guidelines based on local community interests as well as commercial success.</p> <p>Create certainty through binding agreement and legal enforcement by statutory authority, setting out details of any negotiated and agreed development plans.</p>
<p>❖ Higher densities and reconstruction</p>
<p>Increase residential densities to release land for commercial purposes, which will in turn subsidize the residential development.</p> <p>Reconstruction (either part or whole) of the residential element is usually a necessity to increase the residential density.</p> <p>Balance residential and commercial densities to create the potential for only partial re-housing of existing communities; displaced residents to be compensated and/or relocated.</p>

The redevelopment process for mixed-use core area communities

The process for achieving sustainable mixed-use development in core areas can be based on a participatory approach (Figure 12.2). The principle of involving all of the stakeholders (and giving active support to the participation of the weakest and most vulnerable) is to ensure that the outcome aligns their aspirations. Who initiates and drives the process will depend on the particular development scenario (as outlined above). The reason for initiating such a process may be to release or ‘unlock’ prime land for commercial development (developer/landowner); to regenerate a core area,

encouraging investment and addressing the poor living conditions of poor residents (local government); or to improve the situation of a core area community under threat (local community). It is likely that technical and professional support will be required to facilitate the process (Figure 12.2).

Involvement of all of the stakeholders ensures that the proposals and the suggested re-allocation of land are appropriate, commercial and sustainable in the long term, providing mutual benefit to the different parties involved. While the costs of any proposed mixed-use development can only be estimated, approximate values should be drawn wherever possible from the average costing of similar types and sizes of development locally. Financially, the intended outcomes can be achieved through subsidy from the commercial investment, although it is important to ensure that the low-income provision does not rely entirely on a commercial subsidy, as a contribution from the residents will often foster a sense of ownership and stewardship (Max Lock Centre, 2002a). Sources of funding can include commercial capital, private finance, borrowing and other initiatives like local credit schemes. The availability of other kinds of financial support, including government subsidy, tax incentives or external finance should also be explored (McLeod, 2001). Alternative proposals should be tested in social and commercial terms through stakeholder workshops.

The role and power of the local community within the process will depend on several factors. Apart from the existing strength and cohesion of the community itself, support from outside organizations (local and central government; NGOs) can contribute significantly, enabling a community to effectively participate or initiate the process. If a community can reinforce its position by forming a legal entity, this will further influence its power to initiate, drive or participate effectively in the process. The 'knowledge-building' phase of the participatory process should ensure that all stakeholders have a shared understanding of the situation, the constraints and available options. This stage may require an intermediary to act as 'honest broker',⁸ enabling objective round-the-table negotiation and discussion.

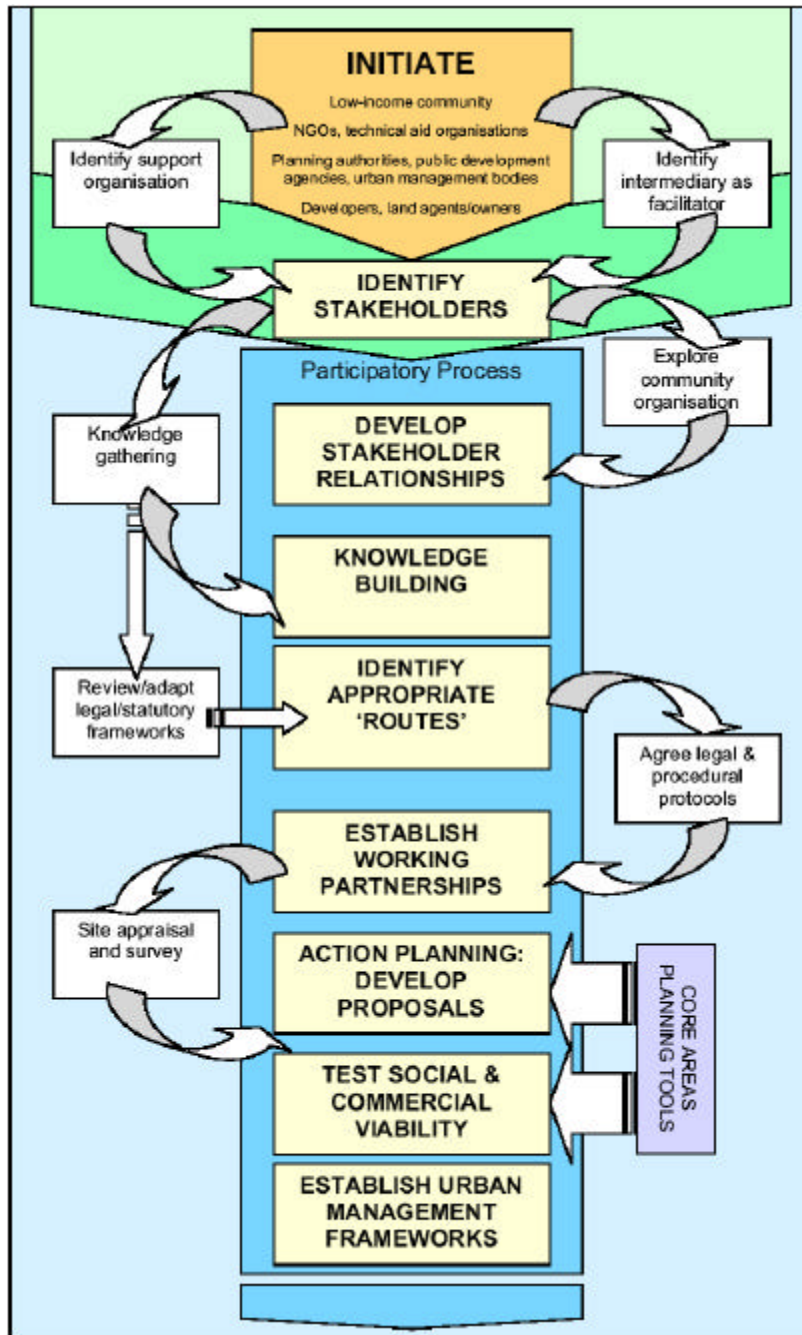


Figure 12.2 The key stages in a core area community redevelopment
Source: authors

Policy implications and conclusions

The case studies investigated in the research covered a range of political, institutional and development contexts, highlighting different implications of the implementation of a mixed use approach to core area development. The conditions that need to be

considered in determining whether such an approach can be taken include physical criteria, governance factors, socio-economic issues and stakeholder attitudes. The role of local or central government in addressing any conflicting frameworks and attitudes and facilitating the process is of crucial importance. Conflicts within existing policy may necessitate the mixed use development process taking place either outside of existing frameworks and policies (as a 'pilot' or demonstration project).

For instance, in Delhi, all land and development rights are, in principle, publicly owned and vested in the Delhi Development Authority (DDA), a Government of India body. Cross-subsidization of low-income housing takes place on a city-wide basis, with the DDA using development of the more valuable, central sites to subsidise low-income provision in cheaper, peripheral locations. The Delhi Master Plan, which zones land use for the whole city, prescribes all development. The objective in the Delhi case study was to demonstrate not only that this policy fails to take account of the largely hidden but significant social and financial costs of relocating core area communities, but also that cross-subsidisation at the local level can be made to work. Given public ownership of land, it is a relatively simple matter to institute an integrated, mixed-use approach. The main hurdle is bureaucracy and institutional inertia. Rigid planning policy works against the interests of the poor and the development of the sort of mixed income and mixed-use neighbourhoods that occur naturally in the less regulated areas of the city. The current policy ensures the break-up of existing communities and relocation of poor households to peripheral housing estates far from the centres of employment. In the case of the Motia Khan site (Delhi), the Authority built four-storey flats on the outskirts of the city to enable relocation of the poor households. The relocation was planned for March 2001, but since completion the flats have lain vacant, as the low-income families say they cannot afford (and hence refuse to pay) the contribution that the Authority is requesting prior to occupation of the flats. In the case of Delhi, despite initial interest, further work remains to be done in convincing the DDA that a mixed-use approach, implemented through changes to planning guidelines and/or the use of site development briefs can be economically implemented.

In Jakarta, the development context was particularly crucial. The research took place in the wake of the East Asian financial crisis of 1997 and the subsequent collapse of

what had been a booming property market. In this context, the property development company with an interest in the study site was no longer in a position to continue with its gradual plot-by-plot site assembly and large-scale commercial 'clean sweep' redevelopment. In the post-crisis situation, the local authority has a potentially important role to play in facilitating site redevelopment and re-housing of the established low-income community in the medium term by encouraging land pooling and collective action by the community. Thus the developer could be enabled to gain access more quickly and securely to those parcels of land critical for the commercial element of the mixed use and cross-subsidised development proposal prepared during the research. This suggests a need for a long-term planning strategy for site redevelopment, allowing for phased redevelopment as market conditions become more favourable, but with strong community involvement in the management of the process. In Jakarta, local government (an arm of central government) had already instituted planning gain rules requiring provision of a fixed proportion of low-income housing in new developments, but in the boom time was meeting resistance from the development industry. The tools developed in the research could enable local authorities to take a more flexible approach to planning gain, allowing for changing market conditions and adapted to particular local circumstances.

In Recife, a strong popular movement by the residents of informal settlements in the late seventies, combined with political decentralization and growing local democracy in the eighties resulted in the institution of a system for granting security of tenure. As in Delhi, such rights of occupancy have the tendency to 'lock-in' land values and make it difficult for land markets to work effectively in such areas. Moreover, even with upgrading, such settlements tend to remain sites of social exclusion and continue to be stigmatised and perceived as outside the 'formal' city. The inclusion of *favelas* within the formal planning system as ZEIS (Zonas Especiais de Interesse Social, special zones of social interest) reinforce this situation. Although the residents of Santa Teresinha had been granted leasehold rights to their plots for up to 50 years, constraints on the sale of properties imposed by ZEIS-specific zoning regulations prevent them from realising the potential increases in the value of their land through partnership with the neighbouring shopping centre. This suggests that, as in Jakarta, the planning approach to informal settlements needs to be more subtle.⁹ Alongside

security of tenure, more emphasis needs to be given to allowing land markets to work, and to the long-term development of livelihood opportunities through community development initiatives and building on existing social capital within the neighbourhood.

The difficulties encountered during the course of the feasibility studies enables a number of the conditions which are necessary for the advocated approach to be feasible to be identified. These are summarised in Box 12.2.

Box 12.2 Conditions and criteria
Availability of appropriate sites Size of site needs to be large enough to accommodate both the re-distributed settlement, and a significant level of commercial development Potential access and servicing to the site need to be adequate to support new commercial development Potential to increase the density of development to accommodate as many of the existing residents as possible alongside new commercial development
Positive attitudes of stakeholders Commitment to the development objectives and a willingness to communicate and co-operate with the other stakeholders, as the process relies upon a participatory approach
Commercial development pressure Commercial viability will enable cross-subsidisation of low-income accommodation and community amenities

Adequate financial capability of the low-income population

Ability to contribute at least a minimum towards the cost of their housing and community amenities

Ability to access appropriate finance

Ability of local government to accommodate and enable the process

Ability to adapt/over-ride inappropriate policy mechanisms (planning, housing, funding, tenure)

Adequate inter-agency co-ordination

Ability to deal effectively with the development of private land

Adequate resources and political will to enforce developer compliance

Conclusions

The sites investigated in the research reported here supported the basic contention that low-income communities are threatened by commercial development in core areas. In the city studies, the central question addressed was what approach to development would enable low-income communities to resist commercial pressures and continue to live close to the source of their livelihoods within the commercial centres of these cities, without prejudicing commercial redevelopment and improvement of core areas. The feasibility studies and subsequent workshops suggested that mixed-use development undertaken at a higher density than existing informal settlements, incorporating a level of cross-subsidy from commercial development, can achieve the commercial returns required and also allow the re-housing of a significant number of existing residents on site. This approach to development in the core areas of cities can also ensure a level of social, economic and environmental sustainability.

Potential constraints related to attitudes and economics. Local government has a key role to play in facilitating such an approach and could overcome some of the constraints by adopting an 'action planning' approach (with an outside organization as an intermediary), whilst enabling the community to take an active role in managing the development process and negotiating for their best interests.

The findings indicate that there are a range of land management mechanisms whereby stakeholders can arrive at a 'win-win' solution, in which the interests of low-income communities can be reconciled with those of the planning authorities and private developers (Max Lock Centre, 2002b). However, further work needs to be done on implementing the approach, its application in different contexts and building interest in and capacity to adopt it on a wider scale. Issues that still need to be addressed include:

- the extent to which governments and local authorities are capable of adopting the degree of flexibility necessary for the integrated development approach advocated
- whether low-income communities can realistically engage in such a process alongside more powerful stakeholders
- how to address and control any unintended 'gentrification' impacts of the proposed redevelopment approach
- how to address the concerns of developers or landowners that mixed-income and mixed-use development would not prove sufficiently attractive to the market and would therefore prove difficult to fund and might not achieve profitability.

While further investigation of these areas would enhance understanding and practice, the mixed-use participatory approach to core area development advocated in this chapter (and tested through research) represents an important step towards challenging accepted practice, in order to combat urban poverty and achieve sustainable development in both social and economic terms.¹⁰

Notes

1. The core areas research was carried out between June 1997 and March 2001 by teams in London (at the Max Lock Centre, University of Westminster, and GHK Research and Development); Delhi (Max Lock Centre, India, in association with the Delhi Development Authority, Romi Khosla Associates and Moving Images); Jakarta and Bandung (Centre for Urban and Regional Planning Studies, Institute of Technology, Bandung); Recife (Department of Architecture and Urbanism, Federal University of Pernambuco); and Aswan (Department of Geography, University of Glasgow). The authors acknowledge the work of all the team members and the financial support of DFID's Engineering Knowledge and Research programme. However, the views expressed are those for the authors alone and are not necessarily shared by their fellow researchers or DFID.
2. These techniques included the development of a prototype computer-modelling tool (a further output of the research) to help communities and other stakeholders envisage and evaluate different development options. A workshop to pilot the tool was held in London in September 2000 (Anon., 2001). The computer-modelling tool is intended (once complete) to be available for use in core area development projects.
3. Planning obligations are imposed by local authorities on developers, who may be required to provide additional buildings, services or facilities (either on site or within the locality) as part of the development for which planning permission is being sought (Healey et al., 1995).
4. Transferable Development Rights involve landowners surrendering their rights to develop particular pieces of land to the local government, in return for monetary compensation or the development rights to another piece of land in another area of the city (Adusumilli, 1999, p.36).
5. Incentive-based planning codes offer developers additional buildable space as an incentive to cross-subsidize the costs of slum redevelopment (Adusumilli, 1999).
6. Land-pooling systems involve the land being legally consolidated through the land-pooling agent before it is returned to the owners. Land readjustment involves the consolidation of land by the land readjustment agency before it is redesigned and returned to the landowner, who effectively exchange old title documents for newly developed plots or land (Archer, 1999)
7. Land sharing is an agreement between the illegal occupants of a piece of land and their landlord. It essentially involves illegal occupants moving off high-value land in return for being allowed to either rent or buy a part of the site below its market value (Angel and Boonyabancha, 1988).
8. An honest broker is a neutral intermediary (third party) who acts during the negotiation process to ensure that all information presented is understood by both parties, unbiased and acknowledged as such. This role can be undertaken by an NGO or other voluntary organization.
9. The *favela do Bairro* programme in Rio de Janeiro is instructive in this respect, with more emphasis given to the strategic provision of infrastructure, in order to link favelas to the main public realm of the city.

10. A local capacity-building package comprising a toolkit of partnership-based neighbourhood development methodologies and associated user guides, including web and interactive CD-ROM-based guidelines and neighbourhood development modelling tools, will be developed to encourage wider adoption of the approach. It is hoped that these will be used in training workshops, building on the methodology developed and tested during the course of the research in Recife (1999) and London (2000), and in the work of Geoff Payne Associates. This would involve training local research partners and municipal agencies in the capacity-building techniques, so that the approach may be disseminated locally.

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