

Land Rights and Urban Forms

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Agenda

- 1. The commons and anticommons in the land markets of high-density East Asian cities
- 2. Land rights for diversity/efficiency – the case of Singapore's Niucheshui

Property rights theories

- Property is a bundle of rights that link an economic system with a political structure and a legal regime.
- The right to hold property has profound implications for one's social, economic and political wellbeing.
- Property rights are primarily a bundle of rights associated with ownership which consists of the right to use, the right to derive income, and the right to alienate the rights mentioned above (Pejovich, 1990).

- Property rights are initially formulated to manage social cooperation in the use of scarce resources.
- The human history has demonstrated that instability of property rights over resources is a major impediment to wealth creation.
- Not existing in an institutional vacuum, property rights are determined by institutions and social norms which are constraints devised by society for human interaction (North, 1990).

- The system of property rights is concerned with economic efficiency and distributive justice, which places limits on the actions of individuals and governments (Paul, Miller & Paul, 1994).
- A supportive system of property rights is imperative for development efficiency and growth where pursuing profit brings in innovation.

- Land rights**
- The subject of land transactions is not land per se but essentially interests in rights over the land. Property rights are deemed essential in the governance of land markets.
 - Demsetz (1967) points out that one of the economic functions of property rights is to internalize externalities in the competitive use of resources.

- The structure of property rights over urban land determines the mode of land development, and thus has direct impacts on the form of resultant built environment.
- The impacts comprise two aspects: land use efficiency and form of the built environment.

Bundle of land rights

- Right to use;
- Right to derive income (rent);
- Right to alienate the rights mentioned above
- Easement
- Restricted right to change its form (development)
- Restricted right to use (planning); Right not to be affected negatively (externalities)

The commons and anticommons: land rights in high-density East Asian cities:

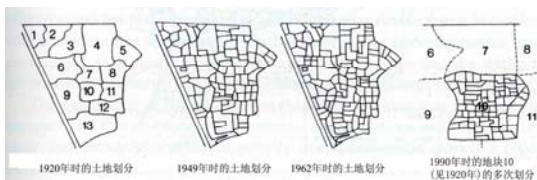
Terminology

- The commons – no rights of exclusion; open access to resources – over-utilization; e.g. ocean fishing
- The anticommons – simultaneous rights of exclusion; no consensus resulting in no access to resources; holdout problem – under-utilization; e.g. land with fragmented ownership; collective sale of condominium

Observation

The anticommons in the land market

Informal land subdivision – becoming the anticommons



The commons in the land development market

Consequences – informal development

- Informal housing is prevalent in many developing Asian cities.
- 85% of housing of its annual production in Indonesia in the 80s was informal.
- 60-70% in Hanoi was informal.
- 93% of housing in Dhaka either slums or informal.

- Informal housing, though being bottom-up initiatives and affordable, makes land utilization inefficient and unsustainable in high density developing countries.

- A typical land lot in Hanoi for house construction is a 30 – 50 sqm rectangle, 3.5 – 4.5 meters wide and 10 – 15 meters long.

Table 1: Newly built housing floor area in Hanoi by different developers

	1990		1995		2000	
	m ²	%	m ²	%	m ²	%
State-owned developer-built	44,341	34.2	9,800	3.9	82,128	13.7
self-built	66,550	51.4	165,200	65.7	410,405	68.7
joint-venture	6,010	4.6	66,849	26.6	104,977	17.6
other	12,587	9.7	9,699	3.9	0	0.0
total	129,488	100.0	251,548	100.0	597,510	100.0

Source: Hanoi Statistical Yearbook, various years

Dhaka

Table 2: land area of developer-built housing projects

land area of housing projects (m ²)	number of housing projects	percentage
< 335	13	8.7
400 – 670	72	48.0
735 – 1,005	38	25.3
1,070 – 1,340	25	16.7
1,405 – 1,675	2	1.3
total	150	100.0

Source: Author's survey, 2003

In high density cities – two options

- high- or medium-rise buildings with low site coverage – collective action
- low-rise buildings with high site coverage – individual developments (self-built; outside the ambit of planning controls)

High Density Asia

Population density (per sq km)

Region / Country	1970	% of world	2000	% of world
World	27	100	45	100
Asia	67	248	115	255
East Asia	84	311	126	280
Southeast Asia	64	237	115	256
Bangladesh	451	1670	895	1989
India	169	626	311	691
China	87	322	133	295

Source: <http://esa.un.org/unpp/> (accessed on November 16, 2006)

Population density of some Asian cities

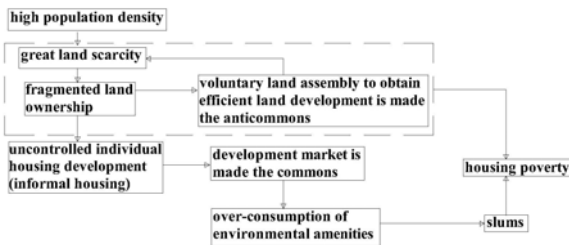
- Jakarta – 12,600 person/km²
- Hanoi – 7,200 person/km²
- Dhaka – 6,100 person/km²
- Singapore – 6,000 person/km²
- Shanghai – 2,600 person/km²

- Higher population density (commonplace in Asia) – greater land scarcity – greater competition for land use
- Cities with great land scarcity require efficient coordination in land allocation

Density matters

- Density is an important parameter of land use planning – zoning and “smart growth”
- Density is also an important parameter for the debate of “the state vs. the market”.
- State taking vs. private property rights

Vicious cycle leading to housing poverty because of the commons and anticommons



- Informality (self-built housing), in the context of great land scarcity, leads to fragmented land ownership due to continuous land subdivision – the anticommons.
- Small land plot self-development makes implementation of planning controls impossible because of fierce competition for space – the commons.

- Market failures are caused by state failures
- State's role in strengthening property rights to avoid the commons.
- State interventions, e.g. land compulsory acquisition, to prevent the anticommons.

- The debate of “the state vs. the market” needs to consider environmental constraints (high density)

A model to be appreciated for high-density Asia?



Land rights for diversity/efficiency
– the case of Singapore's
Niucheshui

Institutions for Niucheshi
redevelopment

- Relocate residents to public housing
- Rent Control Act
- Land Acquisition Act
- Land Sale Program
- Development Control
- Conservation Plan

- The state dominates and private rights are attenuated.
- The state >> communities and individuals
