Land Policies: Foundation to Affordable Project Development and Delivery

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Presentation Outline

• Background
• Land Ownership Patterns in Africa
• Affordable Housing Delivery: The Land Factor
• Case Studies
  – Ghana
  – Nigeria
  – Botswana
  – Rwanda
  – Kenya
  – South Africa
• Conclusion and Recommendations
Background

• The pace of urbanization is accelerating in Africa
  – About 75% of population growth is expected to be in urban areas (UN-HABITAT, 2014)
  – Sub-Saharan Africa is expected to have 1.2 billion residents in urban areas by 2050 (World Bank, 2015)
  – Housing the increasing population in urban areas remains a daunting challenge.
    – Insufficient delivery of affordable housing
• Increase in the development of slums and informal settlements
  – Threatening the sustainability of cities
Background

• Several factors impede the delivery of affordable housing including in Africa
  – Lack of access to credit
    • Mortgage markets are not well developed in most countries
  – High cost of building materials
    • Mostly imported
    • Technologies to reduce costs not fully embraced
  – High cost of urban land
    • Lands that are affordable tend to be inaccessible and lack critical infrastructure.
Land Ownership Patterns in Africa

• Land ownership in Africa is complex and fragmented.
• Three broad classifications:
  – Public/State lands
    • This is constitute less than 20% in most countries
  – Customary/communal lands
    • The dominant form of ownership in most countries.
    • Types include stool lands, family land etc.
  – Private lands
    • Insignificant in most countries
Is Land a Barrier to Affordable Housing Delivery?

• There are two aspects of the land problem:
  • High cost of urban land
    – Ideal location for affordable housing is close to economic opportunities.
    – Land values in such locations tend to be very high in urban centres.
  • Access challenges with suburban lands
    – Ownership uncertainty
    – Lack of infrastructure and limited access to economic opportunities
Acquiring and Registering Lands

• Acquiring lands under customary ownership is fraught with:
  – Uncertainties and lack of clarity on rightful owner
  – Indeterminate boundaries
  – Multiple sales

• Process of registration of lands
  – Is complex, time consuming and costly
    • Cost about 8.3% of value in SSA (World Bank)
Performance of Selected Countries on Doing Business Report, 2019

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Land Reforms and Policies in Africa

• Several countries in Africa have embarked on land policy reforms:
  – To address the challenges in the land sector

• In recent times, the AUC, ECA and AfDB, have developed a framework to guide such reforms
  • One of the key goals is to:
    – Promote the provision of affordable and legally secure land and housing.
Case Study - Ghana

• Land ownership:
  – 20% state and private ownership:
  – 80% customary ownership

• Land policy document launched in 1999
  – The policy allows the government, subject to the payment of compensation:
    • To supply lands at prices that can secure socially and economically acceptable patterns of development.

• The National Housing Policy (2015):
  – Anticipates that traditional authorities will donate lands toward the provision of affordable housing.

• There is currently no clear institutional arrangement
  – That delivers serviced and secured lands at affordable prices for affordable housing.
Case Study - Nigeria

- The Land Use Act (1978)
  - vested the management of lands in the Governor of each state.
  - In essence, the Act nationalized all lands in Nigeria.

- The Act divides all lands into two:
  - Urban
    - State Governors are authorized to issue statutory rights of occupancy for urban lands.
  - Rural
    - Local governments are authorized to issue customary rights of occupancy for rural lands.

- The lack of an effective and efficient land administration system has created several problems including:
  - Delays in obtaining rights of ownership
  - Tenure insecurities and uncertainties
Case Study - Botswana

• Three types of lands:
  – Tribal (Customary) land – 71%
  – State land – 25%
  – Private land – 4%

• Generally, management of lands are well streamlined.

• The Land Policy seeks to allocate lands to low income groups at subsidized prices.
  – There is, however, a move towards full cost recovery.
    • Subsidies, it is argued, tend to distort the market system.
Case Study - Rwanda

• Historically, about 90% of lands in Rwanda has been held under customary arrangements:

• Land Policy document was launched in 2004
  – Aims to improve tenure security
  – Land Tenure regularization (LTR) program is an attempt to improve tenure security
  – Doing Business Report ranks Rwanda 2\textsuperscript{nd} in the world on ease of registering property.

• The National Housing Policy (2015)
  – Seeks to improve the supply options for affordable housing.
  – The policy advocates for the settling of households closer to economic opportunity.
  – It recognizes that affordable housing requires land at low or no cost.
Case Study - Kenya

• Three types of land
  – Public land – approx 16%
  – Community land – approx. 60%
  – Private land – approx. 24%

• The Land Policy (2009) requires that
  – Serviced lands be set aside for housing development for the poor at affordable rates.

• The 2004 Housing Policy document seeks to among others:
  – Earmark and set aside land for public housing.
  – Facilitate access to land and security of tenure for all socio-economic groups.
Case Study – South Africa

• Three categories of land
  – State land – 14%
  – Private land – 79%
  – Unaccounted – 7%

• The National Housing Policy document (2010)
  – Seeks to facilitate the speedy release and servicing of land.
  – There are several programmes that provide some form of subsidy to poorer households including subsidized housing.
Conclusion

- Communal Land ownership is dominant in most African countries
  - Most reform efforts seek to improve security of tenure and improve access to all especially the poor and vulnerable

- Provision of land for affordable housing projects remain a big challenge:
  - Land and Housing policies acknowledge the need for serviced lands at affordable prices for the delivery of affordable housing
  - However, mechanisms for achieving this are not fully in place or effective.
Recommendations

• To Investors:
  – Seek local knowledge and expertise on land ownership
    • Processes of acquisition and registration of lands are complex in many countries.
  – Consider partnering with land owners
    • Land as equity instead of cash payments to land owners
    • Aligns interests of both parties and protects the interest of future generations in the case of communally owned land.
Recommendations

• To Governments:
  – Create land banks, service and release to developers
    • Use State’s influence and power to acquire lands from customary owners.
    • Provide the required infrastructure
    • Sell at subsidized prices to developers of affordable housing but at market prices for others.
  – Accelerate ongoing efforts at land reforms
    • To streamline acquisition and registration processes
    • To improve tenure security.