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GLOBAL REPORT ON HUMAN SETTLEMENTS 2009

CASE STUDIES

URBAN INFORMALITY

AN EXTENDED METROPOLITAN REGION IN ASIA: JAKARTA, INDONESIA

Jakarta is subdivided into five cities and forms part of a wider metropolitan region called Jabotabek, which includes Jakarta and three surrounding districts: Bogor to the south, Tangerang to the west and Bekasi to the east, including the four cities of Bogor, Depok, Tangerang and Bekasi. The population of the metropolitan region increased from 17.1 million in 1990 to 21.1 million in 2000 and an estimated 25 million in 2005, although the population of the city itself increased relatively little from 8.2 million in 1990 to an estimated 8.7 million in 2005.

Much of the urban expansion of Jakarta in recent years has taken place in peri-urban areas to the west, south and east. Investment in roads has enabled members of rural households in peripheral areas to commute to urban jobs, and increased incomes have enabled investment in agricultural intensification, non-farm economic activities and house improvements. Gradually, villages have urbanized in situ and joined up by mixed-use infill development. Informal land and housing development on former rice fields in and around early urban settlements and peripheral villages has provided large numbers of affordable houses for low- and middle-income households. Today, approximately 60 per cent of Jakarta metropolitan region's population live in kampungs (urban villages), most of which have been provided with basic services and integrated within the city.

Along with ineffective planning and uncoordinated management, the expansion of Jakarta's metropolitan region has been characterized by haphazard land development. One of the main drivers of this has been the development permit system. Under this system, developers who have obtained investment clearance and a development permit have the sole right to purchase a site, in return for compensation based on improvements alone. Until ceilings were imposed in 1999, development permits were a powerful tool for speculation and land hoarding. Developers acquired even untitled land, forcing low-income residents to sell their land or occupancy rights at below market value.

In response to the rapid increase in demand for suburban sites for industry and housing in the 1980s, land designated for low- and middle-income housing was released to private developers, and affordable housing quotas were rarely enforced. Local officials eagerly facilitated the private real estate sector and convinced local communities to sell their land. The mega-projects of the ruling elite and politically connected individuals were especially exempted from planning controls and market competition.

The result was leapfrog development, large-scale construction for and by foreign investors, and a massive increase in high-cost housing in self-contained gated communities or dormitory settlements dependent largely upon private transport and toll roads, juxtaposed with unplanned, poorly serviced mixed-use low- and middle-income development.

Planning and management of the metropolitan area has been fragmented and ineffective; developer interests have been prioritized over planning policies, public priorities and the needs of low-income people; development control has been limited and inconsistent; and property rights are weakly defined. It is estimated that only one-third of the land is fully titled, one-quarter has no official title and the remainder is subject to intermediate forms of title – rights to build or use.

Despite attempts to decentralize responsibility for local development and land management, the metropolis still has poorly coordinated government, a lack of capacity to implement plan proposals, unsynchronized planning and land laws, inadequate land administration and a dysfunctional development permit system. The 'privatized planning' of new towns, gated communities and shopping malls linked by toll roads continues to provide middle- and upper-income households with protected lifestyles, while most low-income residents have little choice but to seek accommodation in existing or new informal settlements.

Source: Firman and Rakodi, 2008

PLANNING SUSTAINABLE CITIES

INFORMAL DEVELOPMENT IN MEXICO CITY

The metropolitan area of Mexico City can be divided into the existing built-up area in which the core is losing population; an inner peri-urban zone characterized by mixed urban and rural uses, which is functionally integrated within the city and which grew most rapidly between the 1970s and the 1990s; and an outer peri-urban area where growth has been rapid since the 1990s and which has only been integrated within the city more recently. Between 1990 and 2000, roughly half of the city's growth occurred in informal areas and about a third was due to the incorporation of rural areas into the metropolitan area. By 2005, the metropolitan region had a population of just fewer than 20 million and 60 per cent of those employed work in the informal sector.

Growth has mainly occurred along three corridors: towards Pachuca, to the north-east and to the south-west. The cities and towns along these corridors are characterized by a declining share of agricultural employment, manufacturing growth, housing development, infrastructural improvements and, to the east, the emergence of large swathes of poorly serviced informal settlement. The supply of serviced land is insufficient to meet demand and drives up prices, with the result that people who earn less than three times the minimum wage cannot afford formal land or housing. Instead, they are forced to resort to informal alternatives, typically on the urban periphery.

Informal settlement occurs on both privately-owned land and areas held under group tenure (ejidal), which until 1992 farmers were not permitted to sell. Some ejidal land has been converted to full legal ownership, and land in well-located areas where residential use is permitted has been sold to developers, mainly for large housing complexes for the middle and upper-middle classes. However, there are many obstacles to converting ejidal land to full legal ownership, including its location in areas that are unsuitable for residential development or difficult to service. Thus, many farmers continue to subdivide and sell their land informally. Land subdividers regulate supply, with the result that prices have also risen in this market.

To the south of the city, urban development is invading a hilly rural area of ecological and water recharge value. In the absence of effective development regulation, creeping settlement led to the loss of 10,000ha or more of agricultural land and forests between 1970 and 1995, with adverse environmental impacts. Population growth has occurred in small towns on the mountain slopes, where farmers holding ejidal land have sold land illegally for urban uses, to accommodate both the towns' own population growth and for sale to middle-class immigrants from the city, giving rise to a fragmented land-use pattern. In addition, poor people have illegally occupied land, often in risk-prone areas.

Nevertheless, more recently, better enforcement, more new housing provision in the core city and slower peripheral population growth have somewhat reduced the extent of illegal development and its adverse environmental impacts. In addition, many informal settlements have been regularized, although responsibility for regularization of settlements on private and ejidal land rests with different agencies, the selection of areas for regularization is often ad hoc and the process cannot keep pace with informal settlement growth. However, in some areas increased land and housing prices and service costs have led to gentrification and the displacement of low-income people, who are forced to seek accommodation in other informal settlements. In some cases, areas unsuitable for residential use have been regularized, threatening broader planning goals, resulting in high infrastructure costs and encouraging further informal settlement in the expectation of future regularization.

Because their lack of access to credit and low incomes force low-income families to seek land and housing in informal settlements, many of which are in the peripheral and only affordable locations, they are faced with long and costly journeys to work, often using informal public transport. A study found that 82 per cent of residents living in a peripheral and 69 per cent in a central informal settlement do not utilize formal transport networks to travel to work. Instead, roughly 39 per cent of residents in the former and 33 per cent in the latter rely on shared vans (pesaros) in which users pay for their portion of the journey to work.

Source: Aguilar et al, 2003; Iracheta, 2004; Wigle, 2006; Perry, 2007; Aguilar, 2008; Iracheta and Smolka, undated