



*DAG is a leading South African non-government organisation focusing on housing, land and urban development.
DAG supports communities in need of adequate housing to lead and engage with their own development through community-based development practices.
DAG forges critical partnerships with government to improve policy and practice in pro-poor urban development.*

VALUE CAPTURE and LAND MANAGEMENT MINI-COURSES

14 – 16 October 2010

BACKGROUND

Levels of urbanization, informality and economic inequality continue to rise. Rigorous debate, especially concerning the role of government in mitigating these trends, is urgently required to explore workable alternatives to address these challenges.

Land access lies at the heart of this problem. In urban areas, the scarcity of affordable, well-located land poses a major obstacle to access to opportunities, including provision of adequate housing, for the urban poor. Effective land use management practice is required to ensure that land, a finite natural resource, benefits all members of society.

Fiscal and regulatory value capture instruments offer processes through which governments are able to acquire land value gained through the investment of public resources for redistribution, as well as in-kind contributions such as inclusionary housing. These instruments, already being successfully implemented in many countries worldwide (Brazil, Colombia, Australia, the Netherlands and the USA), can also be used to deter unfair land use practices and allow for more effective regulation of land markets.

In order to successfully tackle today's urban development challenges, it is important that government officials consider the use of effective and sustainable land management instruments and strategies which will generate additional revenue for municipalities and facilitate equitable land use.

“Land, because of its unique nature and the crucial role it plays in human settlements, Can not be treated as an ordinary asset controlled by individuals, subject to the pressures and inefficiencies of the market”

Preamble to the Recommendations of the United Nations (Habitat) Conference for National Action on Human Settlements, Vancouver, Canada, 1976

MINI-COURSE THEMES and OUTCOMES

DAY I – 9am to 12:30pm

MINI-COURSE 1: Introduction to value capture: The urban land market - Challenges and opportunities in managing land, creating land value and generating revenue

The content of this module includes:

- An introduction to land economics, value capture, land markets and access to affordable land
- Conceptual arguments and the analysis of value capture policies and instruments
- Value capture and land management instruments in practice around the world
- The impact of government housing subsidies on increasing urban land prices: examples from Chile
- With particular focus on:
 - How land use planning (that increases land values) is related to taxation (that should capture such increases through better valuation and a proper rates structure)
 - How poor households have access to land when land value increments work in their favour, either through cross-subsidisation or making land markets work for them
 - How to use value capture concepts for financing infrastructure
- Understanding cities and the workings of the entire urban land market in South Africa
- Value capture and land management instruments in practice in South Africa
- Best and bad practice land management and value capture examples in South Africa

Through participation in the course participants will:

- Discuss and understand the dynamics of urban land markets from an overall city perspective
- Acquire knowledge of value capture instruments and how they relate to revenue collection and land use management at both a conceptual and practical level
- Critically evaluate the use and implications of value capture instruments

DAY I – 1:30pm to 5pm

MINI-COURSE 2: The use of fiscal and regulatory instruments to address and prevent the proliferation of informality

The content of this module includes:

- An overview of land economics and the functioning of the urban land market vis-à-vis informality
- Exploring regulations and fiscal instruments to promote a wider supply of land options to the poor
- Informality and its relationship to poverty, inequality and exclusionary land and property markets
- Exploring opportunities for informal settlement households to move beyond poverty toward prosperity
- A comparison between access to land and access to property: investigating tenure issues
- Identification of institutional obstacles to alternative approaches and methods in responding informality, and specifically value capture
- The contribution of municipalities to turning vicious cycles of informality into virtuous cycles of access to adequate land for the poor

- Debates and challenges of informality in a South African context
- Identification of alternative approaches in responding to informality

Through participation in this mini- course participants will:

- Develop an improved understanding of urban land markets and how they relate to the growth of informality
- Develop describe and discuss key trends relating to informality as it relates to land markets
- Identify relevant international experiences to devise solutions for the problems presented by informality
- Understand how municipalities can strengthen their capacity to manage land in the interest of all citizens

DAY 2 – 9am to 12:30pm

MINI-COURSE 3: The property tax system: Challenges and opportunities for city land management and increased revenue

The content of this module includes:

- Regulation of urban land markets and property taxation: the impact of land taxes on land prices and behaviour of landholders and land uses
- Understanding the importance of the property tax as a value capture instrument: sharing land value increments between landowners and local government through taxes
- Going beyond traditional property taxes to capture land value: Current and alternative planning and regulatory tools, including land value tax, value increment taxes, vacant land tax
- South Africa's Municipal Rates Act (2004): An instrument of value capture?
 - How the Act can relate to a wider land management system
 - How the Act can impact land prices, availability of land and land use patterns
- Advantages and disadvantages of moving from a land tax to a property tax in South Africa, with reference to international experiences
- South African case studies of a vacant land tax

Through participation in this mini- course participants will:

- Understand the current property tax system and the implications and challenges it represents for municipalities in terms of improving revenue and effective land management
- Critically evaluate the implications and possible consequences of government influences in urban land markets
- Strengthen the capacity of municipalities to use taxes as a critical ingredient to manage land in the interest of all citizens

DAY 2 – 1:30pm to 5pm

MINI-COURSE 4: Municipal finance in South Africa: Infrastructure development, investment, value capture opportunities and challenges

The content of this module includes:

- The role of infrastructure investment and the impact on land value: challenges and opportunities

- Exploring opportunities for government to capture value from infrastructure investment: main drivers of land value increase
- Learning from international experience
- Capturing value: exploring connections between transport and density
- Capturing value: exploring connections with other types of infrastructure investment and land use issues
- The role of infrastructure investment and the impact on land value in South Africa: challenges and opportunities
- A review of South African case studies: Experiences of government dealing with the challenges of infrastructure provision, increased density and revenue collection

Through participation in this mini-course participants will:

- Develop a basic understanding of the role of infrastructure investment and the impact on land value through local and international case studies, as well as issues to be aware of when measuring impacts
- Develop the skills to identify opportunities to finance infrastructure through land value capture
- Illustrate opportunities to finance infrastructure through capturing land value increments learning from international examples
- Understand the connections between density and transport

DAY 3 – 8:30am to 1pm

MINI-COURSE 5: Living Classroom: Cape Town under the spot light – opportunities for land value capture

The content of this module includes:

- Land access, affordability and value capture: Visiting three site specific examples that demonstrate how government infrastructure provision, land management and regulation impact urban land markets and municipal revenue
- The impact of different kinds of land policies on the quality, cost and location of low-income housing
- The role of housing subsidies in the South African housing, land and property markets
- Exploring opportunities for government to improve revenue and manage land effectively

Through participation in this mini- course participants will:

- See value capture as an opportunity to influence the South African physical, social and economic landscape
- Engage critically with the effectiveness and shortcomings of existing fiscal and regulatory instruments in terms of land management and urban land markets

CONVENORS & PRESENTERS

The course is convened by **Development Action Group (DAG)** in collaboration with **Prof. Carlos Morales-Schechinger**. Prof. Morales-Schechinger has held positions in taxation, land policy, urban projects, property mortgages, and real estate management in Mexico City's Treasury Department and in national development and private banks, and is Professor at the Autonomous National University of Mexico and the Institute for Housing and Urban Development Studies (IHS) at the Erasmus University (Rotterdam). The mini-courses

include presentations by various other international and local experts on issues related to informality, urban land markets, land use policies and value capture, including Prof. Paulo Sandroni, Prof. Riel Franzsen, Dr Mercy Brown-Luthango and others.

WHO SHOULD PARTICIPATE

Senior and management-level municipal, provincial and national government officials and politicians, as well as urban practitioners, dealing with municipal finance and revenue, land management, properties, planning, human settlement development, engineering services, environmental management, resource allocation, public facilities and valuations

COST

R800 per mini-course. Participants are responsible for their own travel and accommodation. DAG will assist participants with logistical support to arrange travel and accommodation.

VENUE

The mini-courses will be presented at the Cape Town Lodge Hotel and Conference Centre, 101 Buitengracht Street, Cape Town. Please see attached map.

APPLICATION

Applications close on **Friday, 1 October 2010**. Contact Rafieqah Moos for an application form at rafieqahm@dag.org.za or on 021 448 7886.

EVENING SEMINAR

In addition, DAG will host an **Evening Seminar and Debate** on Thursday, 14 October from 6.30pm on *Municipal Finance: Increasing Municipal Revenue through Innovative Value Capture*. The Evening Seminar is free of charge, and participation in the mini-courses is not a prerequisite for attendance. The Evening Seminar will be hosted at the Cape Town Lodge

SPONSORS

The mini-courses are made possible by the sponsorship of Cordaid, EED, Ford Foundation and IHS.