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ANNUAL WORLD BANK CONFERENCE ON LAND AND POVERTY
WASHINGTON DC, MARCH 25-29, 2019



PERCEIVED TENURE INSECURITY AMONG RENTERS AND ITS IMPLICATIONS FOR ONGOING URBANISATION: EMERGING RESULTS

ANNA LOCKE

Co-Director, Prindex / Head of Program, Agricultural Development and Policy, Overseas
Development Institute
a.locke@odi.org.uk

**Paper prepared for presentation at the
“2019 WORLD BANK CONFERENCE ON LAND AND POVERTY”
The World Bank - Washington DC, March 25-29, 2019**



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Abstract

Prindex has analysed data from a household survey of over 24,000 respondents living in urban areas in 33 countries spanning Latin America, Europe, sub-Saharan Africa and Asia. It provides new insights into the relationship between perceived tenure insecurity and formal property rights. The analysis also investigates correlations between tenure security and a host of demographic, economic and spatial characteristics, including gender, income and tenure status. The results shed light on the challenges facing a rapidly urbanizing world in which the population living in towns and cities will triple to 2.5 billion people by 2050 (UN, 2018). On the basis of these findings, we have developed a number of practical policy recommendations that we hope will secure the land rights and thereby improve the livelihoods of millions of people, especially in developing countries.

We present the findings based on answers to the following three questions:

1. Who is affected by perceived tenure insecurity in urban areas?
2. How is perceived tenure security (*de facto*) linked to legal (*de jure*) tenure status in urban areas?
3. Does the data reveal any practical implications for policy?

Key Words:

Data; Prindex; Property Rights; Renters; Urbanisation



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GLOBAL SURVEY EVIDENCE OF URBAN LAND TENURE INSECURITY

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We present the findings based on answers to the following three questions:

1. Who is affected by perceived tenure insecurity in urban areas?
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1 WHO IS AFFECTED BY PERCEIVED TENURE INSECURITY IN URBAN AREAS?

On average, rates of perceived tenure insecurity among urban dwellers is 26% (Diagram A), two percentage points higher than it is among respondents living in rural areas. However, there are larger variations between urban and rural dwellers' tenure insecurity in certain countries, most notably in Thailand, Niger and Kenya where the percentage point difference is 10% or over. Burkina Faso and Ecuador also stand out, although the trend is reversed with urban residents being far more prone to tenure insecurity than urban ones. The higher prevalence of renters - who tend to be more insecure than other ownership groups in urban areas - is one of the key factors accounting for this difference.

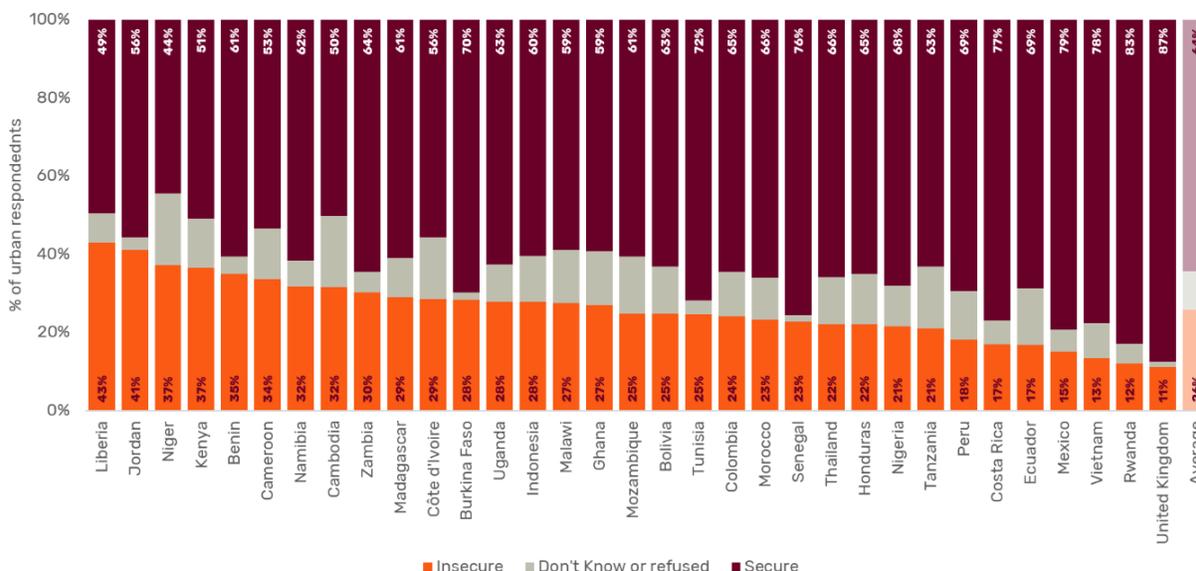


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Diagram A: Tenure security and insecurity among urban respondents by country



The data identifies several crucial factors that may help to focus policy measures to address in insecurity of urban renters. Across the 33 countries, urban renters are more likely to be middle-aged (25-54) than in other types of ownership, and they are disproportionately more likely to live alone than the rest of the urban population. The most common reason urban renters give for feeling tenure insecure is being asked to leave by the owner/renter, suggesting a substantial power imbalance between landlords and tenants and the need for greater legal protection for people in rental accommodation.

Income, age and gender also play an interesting role in tenure insecurity in urban areas. In the majority of the 33 countries, the young urban poor stand out as a particularly vulnerable group. The differences in tenure security between men and women are less clear. On average, rates of tenure insecurity between men and women are similar. However, female respondents do express significantly higher rates of tenure insecurity in some countries, most notably the United Kingdom, the only high income country in the survey dataset. As more HICs enter the database over the following year, this will be a particular focus to observe.



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2 HOW IS PERCEIVED TENURE SECURITY (*DE FACTO*) LINKED TO LEGAL (*DE JURE*) TENURE STATUS IN URBAN AREAS?

While the relationship between *de jure* and *de facto* tenure security has been explored in urban areas, the studies are largely restricted to specific countries or even cities. Prindex data sheds light on this relationship at a global, comparative level for the first time.

Overall, the results are broadly in line with existing non-empirical evidence on rates of formal documentation in urban areas. The average rate of formal documentation among urban respondents included in the survey is 50%, consisting mainly of respondents in developing countries. Existing literature has suggested that between 30% and 50% of urban resident in lower income countries lack any kind of legal documentation (Payne and Durand-Lasserve, 2012).

Comparison of rates of formal documentation between urban and rural areas finds differences across the 33 countries. In 15 countries, rates of formal documentation were significantly higher among urban respondents than rural ones. In just two countries (Malawi and Cambodia), a statistically significant variation in the opposite direction was observed, meaning that formal documentation was higher among rural populations.

The results add more evidence to the debate on the links *de facto* and *de jure* tenure security. In 13 of the 33 countries, formal documentation is correlated with greater perceived tenure security, suggesting a relationship between *de jure* and *de facto* property rights. However, the relationship is not evident in a majority of the country-level sample. Thus, overall, the data does not lend support to arguments that *de jure* security necessarily translates to *de facto* security, at least in urban settings. On the other hand, it is evident that the two forms of secure tenure go hand in hand in some contexts, most notably in Uganda, Tunisia and Madagascar where rates of tenure security are notably higher for respondents with formal documents than for those without.

The correlation between formal documentation and tenure security is particularly strong when we compare urban owners with urban renters. In a majority of countries, urban owners who possess formal documentation display significantly higher rates of security than renters with documents of the same classification. This could suggest that formal titling can help secure *de facto* security among owners in urban areas, but that other methods should be considered when it comes to securing the tenure of renters, who we have already identified as a group particularly vulnerable to perceived insecurity. Another



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important consideration is that reasons for feeling insecure vary between the two tenure types, with renters citing that they are worried that the owner/renter might ask them to leave, while owners consider family disagreements or government seizures to be main sources of tenure insecurity.

Aside from formal titling, we also assessed other household characteristics that could be correlated with perceived tenure security, for example households that had access to a reliable water supply, garbage pickup and latrine facilities. The results for this are mixed and limited due to the availability of data and cannot lead us to make any firm conclusions about whether connecting households to infrastructure or services can help secure their *de facto* security, as some previous literature has suggested (e.g. Kessides, 1997).

3 DOES THE DATA REVEAL ANY IMPLICATIONS FOR POLICY?

Our data reveals three important policy implications:

1. Firstly, we observed that perceived tenure insecurity is higher among urban versus rural dwellers, largely due to the higher proportion of renters who reside in urban areas. This suggests that there is a particular need to secure land rights in towns and cities, especially given the increasing proportion of the world's population living in urban areas.
2. Secondly, demographic groups that are particularly affected by tenure insecurity in urban areas include the poor, the young and people who live alone.
3. Finally, formalisation of tenure security, largely in the form of titling, may not necessarily lead to increased feelings of tenure security in urban areas. This depends not only on the country-specific context, but also on the tenure status as owners are significantly more likely to benefit from formal documentation than renters are. Our data therefore confirms existing evidence which argues that titling may not be necessary in contexts where *de facto* security is already high (e.g. Sims, 2002; Banerjee, 2004; Angel *et al.*, 2006). It also suggests that titling can be harmful to renters if it leads to forced evictions or market-driven displacements (e.g. Duran-Lasserve, 2006; Payne *et al.*, 2008) and that other interventions may be more appropriate to secure renters' *de facto* tenure security, such as guaranteeing longer notice periods, providing inner-city social housing, easing pathways into ownership or reducing the power imbalance between renters and owners by discouraging large, commercial landlords.

Securing tenure security in urban areas is imperative in achieving positive spill-over effects, especially in the form of turning fear, anxiety and time spent guarding plots of land into productive investments in



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education, labour markets or the general community. Overall, the results suggest that this can be achieved by recognising the parallel existence of formal and informal markets as an incontrovertible reality of urban land markets in fast-developing cities.