Slum Planning Schemes

A Statutory Framework for Establishing Secure Tenure and Improving Living Conditions in Indian Slums

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Abstract

Public agencies and NGOs in India have been pursuing slum-improvement projects since a long time, often with remarkable success. However, though political resolve, finances and basic institutional capacity are not a constraint today, scaling-up has become a formidable challenge. This article argues that officers in government agencies are unable to rapidly structure and implement slum-improvement projects because they lack an effective slum-improvement-specific statutory framework within which to operate. Moreover, lacking overriding legal powers, they are unable to cut through accumulated revenue and planning related regulatory tangles. In addition, they are unable to adjudicate between and compensate claimants and to grant secure tenure so that public officials may deliver basic infrastructure on formerly disputed land and slum dwellers can access finance and invest into their homes in a then safe environment. Therefore, the key to scaling-up—as the ambitious Rajiv Awas Yojana proposes to do—is to institute a comprehensive statutory process enabling agencies to concurrently deal with technical, financial, organizational and tenure complexities.

The introduction explains the need for the statutory framework. Section I proposes the process. 'Slum Planning Schemes' strengthen participation, enable collaboration with NGOs and the private sector, promote transparency, encourage professional excellence and support fiscal prudence. The tool acknowledges the importance of tenure history and upholds formal and informal rights of landowners, communities and the government. The process is pragmatic and promotes fairness. Eschewing a one-size-fits-all policy approach, it allows flexibility in structuring slum-specific improvement projects while assigning tenure rights. Section II briefly describes a network of local, state and national agencies for rapidly structuring and implementing SPSs, promising rapid and sustainable improvement and integration of slum communities within the formal city.

Keywords

Slums, urban planning, land management, local governance, municipal services, enumeration, land tenure, participation, urban poor, Rajiv Awas Yojana, India

Introduction

The challenge of improving housing conditions in Indian cities' slums and integrating them into the mainstream is daunting and long-standing. It is heartening therefore that, today, there seems to be a political resolve to act upon it. The President of India, in her address to both the Houses of the Parliament on 4 June 2009, declared the Government's objective to create a slum-free India within five years: 'My Government proposes to introduce a *Rajiv Awas Yojana* for the slum dwellers and the urban poor on the lines of the *Indira Awas Yojana* for the rural poor… My Government's effort would be to create a slum free India in five years…' Her statement is accompanied by clear administrative mandate and allocation of previously unmatched financial resources (Government of India, 2010).

Public agencies, NGOs and international organizations have been struggling with slum-improvement projects since long. There have been remarkable successes and learning. Yet, though it may appear to be easy to build ambitious slum-improvement programs, public agencies across the country face enormous challenges to scaling-up. This article suggests that public authorities are unable to rapidly structure and implement slum-improvement projects because they lack an effective slum-improvement-specific statutory framework that gives them a process to follow, the powers to cut through accumulated revenue and planning related regulatory tangles and the authority to be able to adjudicate between and compensate claimants to resolve tenure disputes.[1] This is even true for those cities that have clearly demonstrated a capacity to deliver on other fronts. Therefore, the key to scaling-up—as the ambitious *Rajiv Awas Yojana* proposes to do—is to institute a comprehensive statutory framework, embedded in powerful state-level legislation, that public agencies can use to effectively structure and implement context-specific slum-improvement schemes.

Before we detail out what we believe such a framework should look like, we would like to make three points: first, such a framework should enable public agencies to tackle problems related to revenue and planning regulations head-on in order to provide secure tenure to involved stakeholders or to compensate them. Second, it should eschew a one-size-fits all approach and allow agencies and slum communities to choose between various approaches to slum-improvement. Third, it should provide a well-structured step-by-step process that aids mandated officials to concurrently deal with physical, legal, organizational and financial intervention based on a powerful and prescribed but flexible step-by step process for project-management.

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The Significance of Improving Tenure Along with Living Conditions in Slums

Slums are housing settlements that lack (i) basic services and (ii) clear and secure tenure. Furthermore, slums usually also consist of buildings that do not comply with minimum building and planning regulations. They are an informal and free-market response to the unaffordability of housing that meets with the legal requirements imposed by revenue and planning regulations. In sum, they emerge because low-income households are unable to pay for land in compliance with all revenue and planning regulations and to pay for construction that meets with all planning and building regulations (Bertaud, 2010).

Having emerged in this manner and given the rigidity of regulations, slums get locked into an informal status that inhibits their incremental improvement for three reasons: first, informal land tenure and

construction pose a hindrance to local authorities in providing basic services. Second, informality severely compromises the ability of residents to make rightful demands on local authorities. Third, informality undermines tenure security so that slum residents, uncertain about their homes' future, are hindered from investing in housing improvements, even if their incomes would enable them to do so. This threefold obstacle perpetuates the initial poor housing conditions in slums. Having emerged as slums, underserviced settlements may pose a threat to the health and well-being in slums and cities at large.

Therefore, unless one can afford to provide heavily subsidized legal housing to all slum dwellers,[3] any improvement program must tackle the various revenue and planning issues head on. It must simultaneously be a programme for making basic improvements for assigning robust tenure and for regularizing construction.

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Four Approaches to Improving Housing Conditions in Slums

A superficial look at past experience shows a bewildering variety of approaches to slum-improvement. Figure 1 categorizes this variety into four distinct approaches. Here we discuss each of these approaches and their strengths and weaknesses. We also show where each approach may be of particular relevance.

In-situ Upgrading

In this approach to slum-improvement, the focus is on providing basic services such as water supply and sewerage. To enable this, houses are sometimes realigned to create space for accommodating infrastructure and community facilities; however, an attempt is made to keep disruption to a minimum. It is hoped that following the initial improvement on the settlement level, the slum dwellers themselves will rapidly improve their houses incrementally. Often financial assistance is provided for building common infrastructure and for speeding up individual home improvements (SEWA, 2002).

In upgrading projects, significant improvements in living conditions can be achieved at very low cost. Negative externalities spawned by the lack of basic services can be mitigated without disrupting positive socio-economic connections between the settlement and the city. Investments already made by people in their housing are protected. These three features are the most important strengths of this approach. While unlocking the full use value of land, the main disadvantage of this approach is that it cannot unlock the land's commodity value in order to finance housing improvements. Therefore, this approach is particularly appropriate for use where the land value is moderate.

In-situ Land Sharing

Here, a commercially valuable portion of slum land is freed up to generate the funds required for paying off other claimants' land rights. Thereafter, the houses dislocated from the freed-up portion of the land are accommodated on the remaining land portion that is then owned by the community. This portion is usually upgraded (see above) or redeveloped (see below).

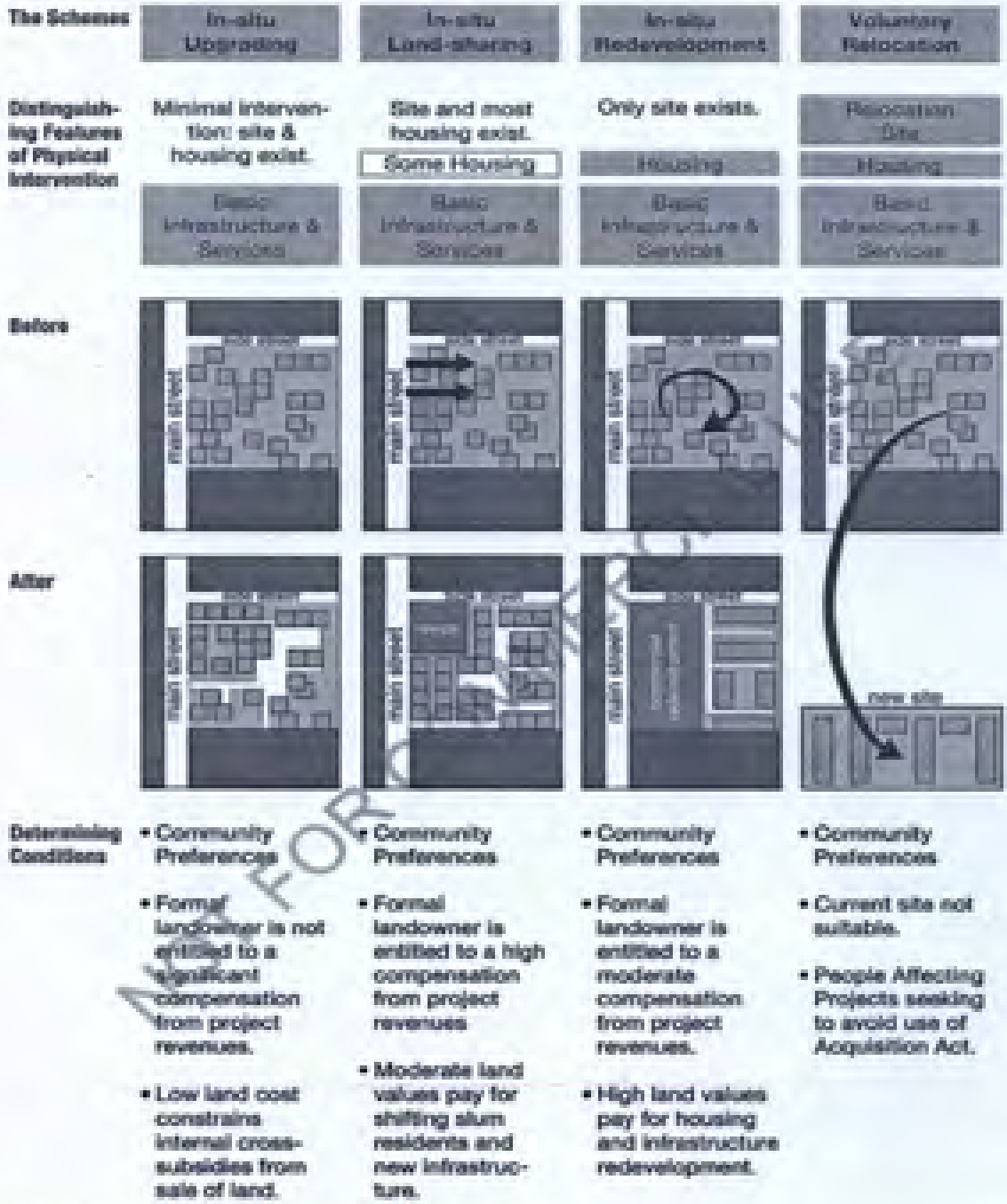

Figure 1. Four Approaches towards Physical Slum-improvement

In-situ upgrading, in-situ land sharing, in-situ redevelopment and voluntary relocation all provide basic infrastructure and services but differ in scope and resources required for housing and land. Each approach is therefore better suited to deal with a particular environment.

Since the slum remains in its original location, positive socio-economic ties with the neighbourhood are not disrupted. It is also relatively inexpensive, particularly because it unlocks a portion of the land value for generating cross-subsidies. However, requiring some households to relocate and others not, it generates widely varying costs and benefits for households that need to be allocated efficiently and equitably, which can pose organizational and collective decision-making challenges. Considering the key advantages and disadvantages, this approach is particularly suited where the commercial value of land is relatively high or where other stakeholders (e.g. the formal landowner) are entitled to relatively large compensation.

In-situ Redevelopment

This approach is very similar to the previous approach but here the entire slum land is cleared, usually step by step over time, and then *pucca* (i.e. decent or permanent) high-density housing is built in the commercially least attractive land portion to accommodate the slum dwellers. Finally, the commercially attractive portion of the land is developed or sold to cross-subsidize the *pucca* housing for the slum community.

The chief attraction of this approach is that it provides *pucca* housing to slum dwellers within a short time period, without burdening public finances. It also unlocks all land value quickly, with the potential to make land use in the city more efficient. However, this approach poses many highly formidable challenges: first, to be financially viable, the slum's land value must be very high because the use of the freed-up land portion has to generate enough surpluses to pay for the capital-intensive construction of high-density housing for the entire slum community. This is seldom the case without relaxing or varying planning regulations, which leads to the second challenge: how are such relaxations or variance to be determined in a manner that meets with the norm of public probity? Selling the freed-up portion of the land and/or selecting and collaborating with private sector developers is a third challenge. Fourth, though this approach does not dislocate the slum, all prior investments in housing made by slum dwellers are lost and a new way of life is imposed upon them. Therefore, fifth, getting slum dwellers to agree to such a disruptive intervention requires convincing them that future benefits are both secure and sufficiently higher than costs. Without high levels of trust between project implementers and the slum community, organizing the community, making binding collective decisions and implementing the project may not be possible. Given the long list of challenges, this approach may not be preferred in many instances. Nonetheless, it remains attractive for use in high land value areas of the city.

Relocation

Here the slum community shifts to another site serviced with basic infrastructure and services. At the new location complete housing solutions may be provided to the community; alternatively, the slum dwellers move into core homes that are incrementally expandable.

This approach may be favoured if the original site is uninhabitable (e.g. if it is prone to flooding) or if it is required for public use (e.g. for a people-affecting infrastructure project).[4] If care is taken to ensure that slum dwellers receive secure tenure on the new site and to ensure that other factors such as new housing location and disruption of socio-economic ties do not impose unduly high costs, then this

approach can be politically expedient. However, the comparatively very high cost of providing new land and housing and the difficulty of finding sufficient, affordable and acceptable relocation sites are the principal shortcomings of this approach.

In Conclusion

From the above very brief discussion of various approaches to slum-improvement it should be apparent that a resource-constrained city-wide (or even state- or nation-wide) program with the ambition of improving all slums in a time bound manner can not be confined to only one of the four approaches (UN-Habitat, 2008). To succeed, a program must make efficient use of its resources. Therefore, it must not only allow for the use of all four approaches but also provide respective agencies with the flexibility to choose the approach that best suits a particular slum. Finally, the slum community itself should be able to influence the decision regarding which approach should be used to improve its housing settlement.

Despite their diversity, all four approaches share the limitations endemic to straightforward physical-development slum interventions: ambiguity regarding land tenure, barriers to affordable financing mechanisms, difficulties of coordinating collective action, etc. Therefore, slum-improvement projects need to address all challenges (in Figure 2) in order to provide a mechanism for holistic and sustainable development of India's slums.

Figure 2. The Necessary Complexity of Sustainable Slum-Improvement Schemes

While each approach to physical improvement has particular strengths and weaknesses, all approaches require improving tenure security, guaranteeing financial access and organizing communities for collective decision-making in order to produce long-term sustainable communities.

The Managerial Challenge that Slum-Improvement Projects Pose

Slum-improvement projects, as anyone familiar with them knows, are very complex and therefore extremely difficult to structure and implement. A number of very diverse, complex and interlinked tasks requiring wide-ranging expertise have to be concurrently accomplished. Consider some of the key tasks:

1. A large number of people in the slum community have to be communicated with, organized and motivated to make binding collective decisions. Ideally, a participatory, trustful and collaborative relationship has to be established with the community by skillfully engaging with community politics. If they lack the wherewithal to organize communities, public authorities have to select and contract NGOs to assist with it. In that case, the authorities need to monitor and supervise the NGOs' work.
2. The community and the settlements have to be surveyed and measured.
3. Information from a large number of separate agencies has to be collected to understand complicated land tenure issues. Revenue and urban planning agencies have to be dealt with and coordinated to sort out accumulated regulatory tangles in a time bound manner so as to improve tenure enjoyed by slum dwellers.
4. Disputes pertaining to land ownership have to be resolved through negotiations.
5. The community has to be convinced of the merit of tenure and development proposals. Competing development proposals have to be assessed to select developers. Developers have to be monitored and supervised.
6. In land sharing and redevelopment projects, the land set aside has to be sold or developed.
7. If developers have to be given incentives, such incentives have to be structured and justified and authorized.
8. Required urban planning variances have to be identified and obtained from relevant agencies.
9. All processes followed and decisions taken have to pass formal audits.
10. Project financing has to be structured and monitored.
11. Physical improvement proposals, as far as requiring architectural and engineering expertise, have to be drawn up.
12. Contractors have to be appointed, monitored and their work supervised and certified.
13. A system for operating and maintaining common infrastructure has to be set in place, including the establishment and collection of monies in order to pay for expenditures and other dues.

From the above, it should be amply clear that slum-improvement projects pose a very complex managerial and organizational challenge. It should also not be difficult to appreciate why public agencies are unable to rapidly undertake an array of slum-improvement projects. Successfully structuring and undertaking slum-improvement projects seem to require a rare combination of entrepreneurial, managerial and political skills and highly favourable external conditions.

A large-scale slum-improvement program cannot rely on the possibility of finding such talent in ample supply and on chance. If one wants public agencies to rapidly undertake many slum-improvement projects, it is necessary to provide mandated officials with a systematized and well-ordered step-by-step process to follow that simplifies their tasks and orients them and communities. In addition, the officials have to be empowered with special overriding powers to cut through accumulated revenue and planning

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related regulatory tangles. They also have to be authorized to adjudicate or arbitrate between disputing stakeholders. Section I below describes just such a techno-legal process, which we call 'Slum Planning Schemes' (SPSs).[5]

Section I–The Slum Planning Scheme

This section describes a ten-step procedure that statutorily mandated Inclusion and Development Authorities shall be required to follow for structuring and implementing SPSs (Figure 3).

STEP I: Statutory Declaration of Intent and Demarcation

The Authority (statutorily mandated to undertake SPSs) shall initiate a scheme in a slum with a statutory 'declaration of intent', 'demarcation of the scheme's jurisdiction' and appointment of a 'Slum Planning Officer' (SP Officer).

1. If the procedure prescribed for this or subsequent steps is not followed, a Special Tribunal (see Section II below) may: (a) declare procedural default and declare the SPS cancelled, (b) require the Authority to recommence work on it from the point of default or (c) require completion with compensation to injured parties.
2. Declaration, demarcation and appointment of a SP Officer shall become valid only after (a) publication of a notice in local media and (b) establishment of the Authority's 'Local Office' (LO) in the slum. The LO shall have a full-time liaison officer and a notice board with the following minimum information posted on it:
   - Demarcation of the area to be covered by the SPS
   - Contact information for SP Officer and the officer's supervisors in the Authority
   - Deadlines for completion of all ten statutory steps
   - Meeting time and location for stakeholder meetings (which may be held separately for community members, formal landowners, and neighbours)
3. The Authority shall be required to cancel a SPS if the stakeholders who demanded the scheme request its cancellation—as long as others do not oppose their request for significant reasons.[6]
4. Within the Authority, the SP Officer shall hold primary responsibility to structure and implement the SPS.
5. Declaration of intent to undertake SPSs shall suspend and hold in abeyance all ongoing revenue and planning regulations related proceedings pertaining to the land on which the slum sits. Declaration of intent shall also bar commencement of fresh proceedings by revenue and planning authorities. It shall empower the SP Officer with overriding powers to adjudicate on or resolve all revenue and planning related disputes and violations (see Step IV below) and make such resolutions binding.

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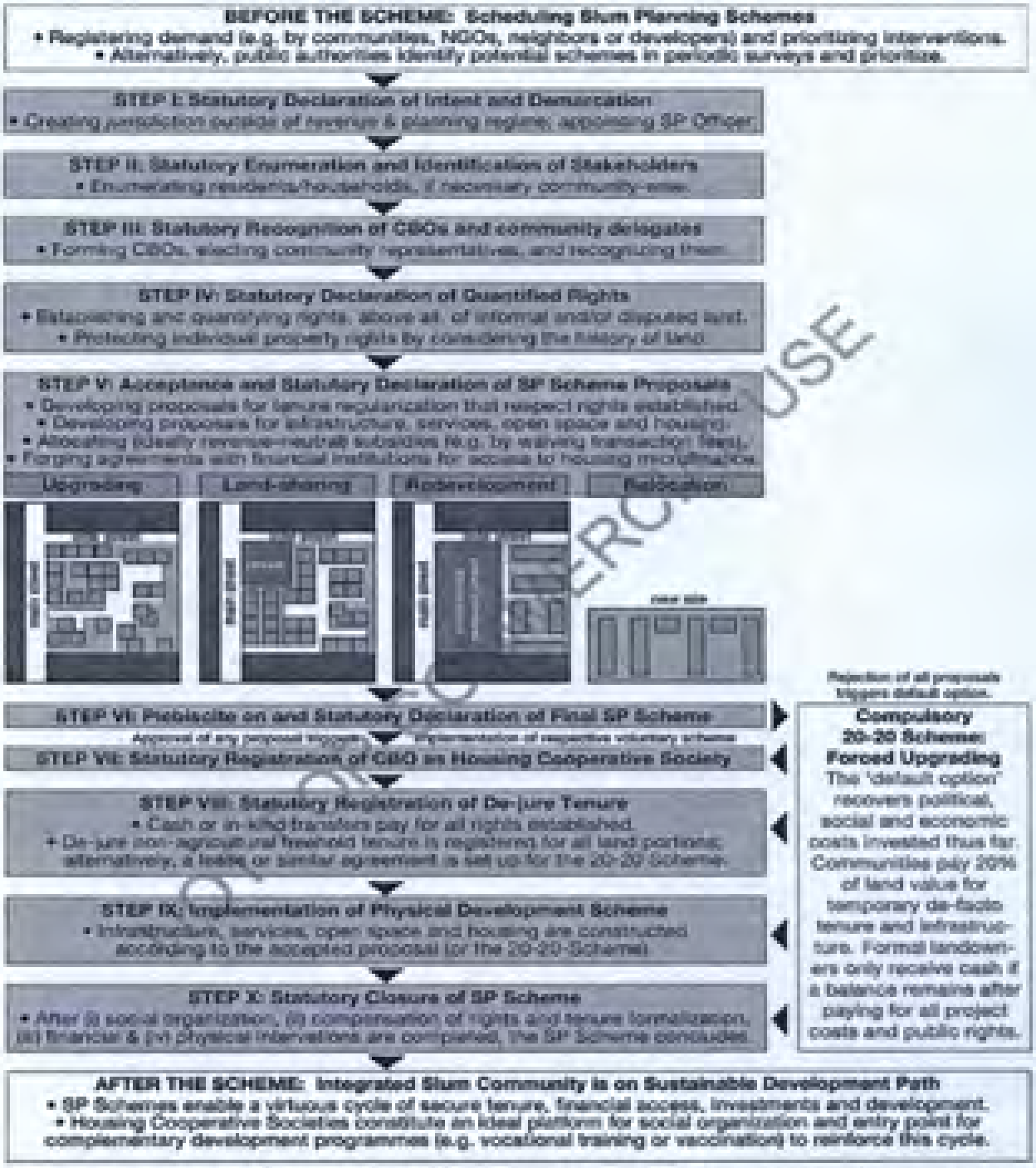

Figure 3. The Slum Planning Scheme: A Ten-step Statutory Mechanism for Including Slum Communities into the Formal City and Developing Sound Living Environments (for details see below)

STEP II: Statutory Enumeration and Identification of Stakeholders

Initiation of SPSs shall be followed by enlisting of all stakeholders—particularly of the slum residents—entitled to participate in the scheme. This shall be a five-staged process.

Stage 1: A draft list of eligible residents shall be prepared

The SP Officer shall prepare a draft list of residents in the slum. Enumeration may be undertaken by the community itself or by a trustee mandated by the authority.[7] All enumerated households shall be required to participate in the SPS to ensure that all households not only enjoy the benefits of the Scheme but also bear the costs collectively. In addition to enumerating all household members, two adult members per household shall be enumerated as eligible to vote in subsequent SPS steps. If one adult female lives in the household, at least one of the two voters shall be female.[8] Tenants may be enumerated as if they were owners.[9]

Stage 2: Individual communities are identified, if applicable

If more than one community lives within the demarcated area, the SP Officer may identify community boundaries and segregate list and map community-wise.

Stage 3: The draft list(s) shall be verified

Once enumeration and mapping are complete, the SP Officer shall verify the map (along with community boundaries) and the list of enumerated residents/households. To verify the map and the list, the SP Officer shall post them on the LO's notice board. A period of time shall be provided for receiving and recording objections to the said map and list. On completion of this time period, the SP Officer shall finalize the map and the list. He shall be required to record, in writing, reasons underpinning his decisions. The Tribunal shall have powers to declare an enumeration or a map as fraudulent and to impose (graduated) penalties for the same.

Stage 4: Other stakeholders are identified and informed

Simultaneously, other stakeholders—especially formal landowners and affected public bodies—will be informed and enlisted as eligible stakeholders.

Stage 5: The final list(s) shall be promulgated

The verified settlement map and the list of residents and other stakeholders shall be promulgated by publication on the Authority's website and on the LO's notice board. Promulgation shall render them to be statutory documents—imposing legally enforceable rights and obligations on listed persons.

STEP III: Statutory Recognition of Community-based Organizations (CBOs)

A democratically elected community-based organization shall be established to represent community members' interests and negotiate with other stakeholders.

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Building CBOs is strategically important when working with slum communities. It is a way of creating cohesion and trust amongst community members, of enabling collective decision-making and developing leadership within the community. CBOs can negotiate more powerfully on behalf of the community, promote better savings, access finance more easily and ensure more effectively the fulfillment of the members' commitments to pay up dues. Therefore, building CBOs is essential for successfully undertaking SPSs. However, facilitating the formation of CBOs is not easy. The community has to trust the facilitator; facilitators have to be skilled in working with communities and the whole process is time consuming. This raises two issues: How should the SP Officer proceed to build CBOs in slums? How can the process be coordinated with the unfolding of SPSs?

Fortunately, the philosophy, methodology and techniques of working with slum communities and building CBOs have been very productively explored by a number of widely recognized NGOs and grassroots organizations.[12] This knowledge can be systematized and used to train professionals to work with the communities. Authorities can employ such professionals to work with SP Officers to form and establish CBOs. Alternatively, to better solicit the trust of slum communities, it may be far more strategic for the Authority to outsource the work of forming and establishing CBOs to autonomous organizations, including academic institutions, social enterprises and—provided that the relationship with government is constructive and built on mutual trust and respect—professional NGOs. Training the vast number of professionals that would be required for the task at hand and the possibility of inducing the formation of professionally oriented institutions may be possible: experience in the past decade has shown that given the right incentives, the private sector is highly capable of rapidly developing such capacities. To ensure that sufficient time is available for building robust CBOs, it will be essential for Authorities to commence CBO establishment work in parallel with the first two steps or, preferably, in advance of commencement of SPSs.[13]

1. The SP Officer shall facilitate the establishment of a CBO of enlisted residents.[13]
2. Leadership of the CBO shall be elected democratically, following prescribed rules. Each enumerated household shall have two votes. Safeguards shall be put in place to ensure that the leadership faithfully represents the interests of all community members.[14]
3. CBO leaders must be statutorily recognized and empowered by publication of their names and designations on the Authority's website and the LO's notice board.

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STEP IV: Statutory Declaration of Quantified Rights

The SP Officer shall undertake a six-stage process for quantifying claimants' rights over disputed properties (especially land) and establishing monetary rights of all stakeholders including private individuals (the formal owner and slum community) and the public sector.

Cutting through historical revenue and planning related regulatory tangles to pragmatically resolve them and adjudicating over disputed property rights so as to assign secure tenure, is at the heart of the SPS framework. Many experts consider the lack of tenure (and the lack of a tool to grant tenure to slum dwellers) the key constraint to improving slums (see Boonyabancha, 2009; De Soto, 2000; Turner, 1968, 1976). To be able to overcome this constraint, the SP Officer has to first establish the value of the assets under dispute, then establish the legitimacy of the different claimants to the assets and finally

adjudicate on who gets what—much in the manner that this is done in liquidation proceedings for bankrupt businesses. To better enable the SP officer to do this we have proposed a six-stage process. Figure 4 summarizes this value distribution.

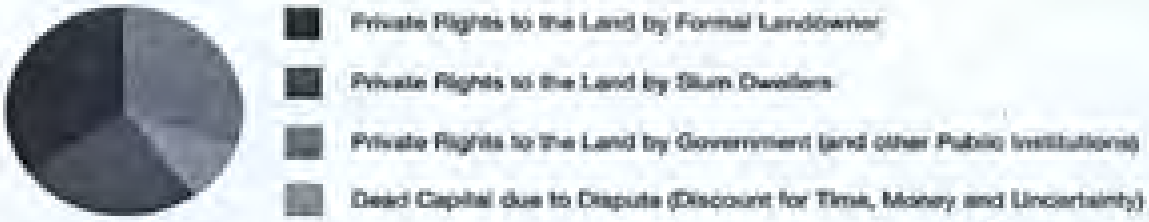

Figure 4. Disputed Land Rights as a Share of Land Value

The primary asset under dispute in a slum is the land on which it sits. Typically, three parties hold some formal or informal rights to the value of this land: first, formal owner's[13] (public or private) by virtue of their rights as recorded in the land cadastre; second, slum dwellers by virtue of their possession of the land and (inadequately documented or registered) proofs of purchase of the land; third, the government by virtue of duties, taxes or penalties that it is entitled to collect from the land. Finally, some portion of the value of the land can be thought of as being locked up as dead capital and may therefore be discounted from the parties' rights/claims because (i) solving property disputes requires resources to be spent on dispute resolution and enforcement and (ii) assuming risk averseness, we may also discount for uncertainty about the dispute's outcome.

In addition to land, the same allocation of rights and dead capital may apply to physical structures. However, we suggest to *not* assess the value of informal structures because (i) due to ill-defined property rights the valuation is complicated and time and resource-consuming, thus obstructing rapid replication and scale up; (ii) many, if not all houses would not be touched in case of upgrading and land-sharing projects anyhow; (iii) finally, most importantly, unless structures owned by stakeholders not belonging to the slum community, the time-consuming valuation is redundant as long as the community decides which project proposal shall be implemented. (The community would anyhow only vote in favour of a scheme that makes them better off than the status quo.) Introducing the plebiscite in Step VI enables us to get rid of an unnecessary and time-consuming process; it may also allow us to treat slum dwellers as a collective group, instead of many individuals—as already practiced in schemes implemented by Bombay's Slum Rehabilitation Authority in which a super majority of 70 per cent of slum dwellers need to agree collectively before implementation.

Stage 1: Establishing the Market Value of Land

The SP Officer shall first estimate the market value of the land as if it were free of encumbrances. This unencumbered land value shall serve as a ceiling for the maximum cumulative claim of all stakeholders.

Stage 2: Establishing preliminary rights of private stakeholders

The SP Officer shall collect, from all claimants, all available evidence (registered or otherwise) regarding ownership of the land. The officer shall provide ample notice and opportunity for anyone

else to present claims. Following this, the officer shall hold sufficient individual and joint hearings and consultations with various claimants to establish the veracity and strength of the claims. Finally the SP Officer shall decide upon, record his reasons in writing and make a 'Preliminary Declaration of Rights'(shares) of formal owners, slum dwellers, government and any other legitimate claimants. At this stage objections of any claimants to the preliminary declaration of rights shall be filled with the SP Officer.

Stage 3: Establishing rights of government

The SP Officer shall decide upon and establish the quantum of unpaid taxes, fees and penalties—such as land tenure-conversion fees or arrears in property taxes—due to the government. (However, in the due course of SP Schemes, the SP Officer shall not be bound to enforce established rights—if the financial viability requires a full or partial waiver of the receivables; see Step V, Step 3: Enhancing the financial viability of physical development proposals through budget-neutral market-based subsidies.) These public assets shall be quantified as a percentage of the market value of land, with a consequent reduction in the valuation of shares of various legitimate claimants.[16]

Stage 4: Establishing final rights

The SP Officer may once more hold individual and joint hearings and consultations with various claimants to understand their objection to the Preliminary Declaration of Rights, assessment of fees and assessments of government dues. Finally the SP Officer shall decide upon, record his reasons in writing, and make a Final Declaration of Rights (shares) of formal owners, slum dwellers, government and any other legitimate claimants. At this stage, objections of any claimants to the Final Declaration of Rights shall be filed with the Special Tribunal.

Stage 5: Establishing a fee for unlocking dead capital

The SP Officer (and/or the Tribunal) shall establish a fee for unlocking dead capital in the value of the land. Such fee shall be determined with reference to the cost of dispute resolution and be deducted from final rights that have been established.[17]

Stage 6: Statutory declaration of final quantified rights

After all the rights have been established and quantified, either through mutual agreement or through a verdict of the Special Tribunal, they shall be promulgated (e.g. by publication on the Authority's website and on the LO's notice board). Certificates of rights shall also be made available to all stakeholders.

Details of this process are designed to evolve over time; for examples see Figure 5.

STEP V: Mutual Acceptance and Statutory Declaration of Final SPS Proposals

The SP Officer, in consultation with the community, shall develop alternative upgrading, land sharing, redevelopment and/or relocation proposals for the slum. The slum community or other stakeholders may

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Example 1: Dispute over Ambiguous History	Example 2: Regularization of Informal Transaction

Stage 1: Establish the market value of land

If the area under consideration has a market value for developed land of INR 10,000 per square meter, and if the area is 1 hectare (10,000 sqm), then the market value of land shall be established at: INR 10,000/sqm * 10,000 sqm = INR 100 million.

Stage 2: Establish preliminary rights of private stakeholders

The landowner allowed the community to live on the land against payment; the community never purchased the land (not even informally). The formal owner's and the community's rights are established at INR 70 and 30 million, respectively.

The formal landowner seems to have sold the property but the slum dwellers never formally registered this transaction. The landowner's and slum dweller's rights are established at INR 5 million and INR 95 million respectively.

Stage 3: Establish rights of the government (and other public bodies)

Suppose that the plot's tenure was 'restricted' (in Gujarat); in this case the government is entitled to tenure conversion fees amounting to 80 percent of land; this lifts all restrictions regarding transferability, subdivisibility and land use/construction.

The government may be entitled to 6.9-percent stamp duty. The government may further be entitled to arrears in property taxes of INR 5 million (equivalent to 5 percent of the land value).

Stage 4: Establish final rights

Private rights originally established are discounted by 80 percent. That makes the landowner's and the community's claims INR 14 and INR 6 million, respectively. The government is entitled to INR 80 million.

The community's rights are discounted by 11.9 percent. That makes the community's final rights INR 88.1 million, respectively. The government is entitled to INR 11.9 million.

Stage 5: Establish a fee for unlocking dead capital (optional)

One stakeholder appeals to the Special Tribunal, which confirms rights established by the SP Officer but charges a 10-percent fee; all stakeholders' rights are decreased by 10 percent.

There is no dispute. (The landowner is satisfied to receive at least something, though he sold the land earlier on.) Nobody appeals to the Special Tribunal. No fees apply. Established rights remain unchanged.

Stage 6: Statutory declaration of final quantified rights

The government's rights shall be transferred to the SPS-implementing Authority. The Authority, with these funds at its disposal, may waive some or all of the dues in order to make this SP Schemes viable. Alternatively, it may collect (all or a fair share of) these dues to cross-subsidize other schemes; see Step V, Stage 3. The rights of private stakeholders are registered and respected by any subsequent steps of the Slum Planning Scheme. As the scheme proceeds, the Authority will ensure that all tenure is formally registered.

Figure 5. Two Examples for Monetizing and Establishing Rights

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also draw up their own proposals. A five-stage process concludes with the statutory declaration of Final Development Proposals.

Following the establishment of rights of various stakeholders, the next most important aspect of SPSs is the development of viable and mutually acceptable physical improvement proposals for the slum. To be viable, proposals must generate revenues sufficient to pay for: (i) rights established in favour of formal landowners, (ii) construction of infrastructure, services, community facilities and possibly housing, and (iii) reimbursement for project management and community organization services.[18]

If the slum land is deemed to be uninhabitable or required for public use,[19] (voluntary) relocation may be the only available option. This not being the case, to enable the community to select the best alternative, first an in-situ upgrading proposal should be developed. Along with this at least one more (and preferably several more) proposal/s should be developed—using the different physical-development approaches discussed in the introduction. The reason for first developing the in-situ upgrading proposal is because it is socially and economically the least disruptive and also the least capital-intensive approach. It is therefore best suited to serve as a benchmark for assessing the efficacy and efficiency of any other alternative. Using upgrading as the base-case, community members can more easily decide the value addition of any other (in comparison more radical and more capital-intensive) proposal.[20]

If any of the other proposals is found superior compared to the in-situ upgrading proposal, then some of the additional value created may legitimately be transferred to the slum community. The community, in turn, should be willing to accept the superior proposal through her vote (Step VI) because, besides being a better deal for all other stakeholders, the community itself also gains through the implementation of the best alternative. In sum, if the costs and benefits of any proposal are distributed in a fair manner, then the implementation of the best alternative will constitute a win-win proposition agreeable to all stakeholders.

Figure 6 demonstrates the parallel creation of in-situ upgrading, land sharing and redevelopment proposals (assuming that the current site is safe and available so that relocation is not required), while the main body of the text explains the five-stage process that concludes with the statutory declaration of final development proposals.

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Stage 1: Determining net claims, adjusted for land allocations

The portion of land that slum dwellers want to keep and the portion they want to cede to other stakeholders, in order to create revenues, shall be determined first. The value of land kept by any of the stakeholders shall then be subtracted from the stakeholder's finalized rights.[21]

Stage 2: Outlining draft proposals for physical development

Various proposals for physical slum-improvement are developed: the design and cost of infrastructure and basic services, and of housing construction/improvement are first sketched out and then detailed. The viability of each proposal shall be established by considering the proposal's construction costs, stakeholders' net claims and their financial ability to pay.[22]

Stage 3: Enhancing the financial viability through budget-neutral market-based subsidies

As a general principle, to guarantee the financial viability of any proposal, the total cost for physical development plus the landowner's net claim must be no larger than the amounts that individual

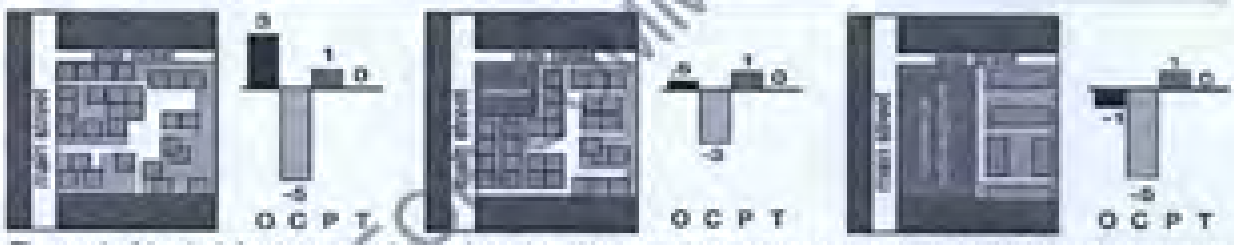
The Initial Situation

Let us assume 25 households lived on a plot of 1,000 sqm with a land value of INR 6,000/sqm. The rights established in favor of the formal landowner (O), the community (C), the public sector (P) and the Tribunal (T) were INR 3, 2 and 1 million and zero, respectively. On the right, the status quo is graphically summarized with a map and accounts of stakeholders' rights.
To be financially viable, any proposal needs to (at least) pay INR 3 million to the formal owner and pay for construction and project management and community organization costs. Given that the site is available and safe, relocation is not considered; three in-situ proposals are developed to assess their pros and cons.

Stage 1 Determining net claims, adjusted for land allocations

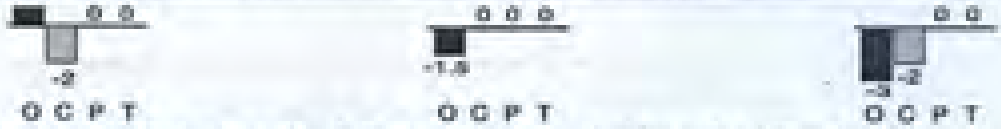
In case of land-sharing and redevelopment, the community cedes the most valuable land to the formal owner who's claims are reduced by INR 2.5 and 4 million, respectively. The remaining land value is deducted from the community's rights. (Positive/negative values reflect receivables/payables.)

Stage 2 Outlining draft proposals for physical development



The cost of basic infrastructure, grid services, housing construction/improvement and project and community management is estimated at INR 5 million for upgrading, INR 1.5 million for land-sharing and INR 8 million for capital-intensive redevelopment. Receivables and payables are adjusted again.
Land-sharing is the most efficient proposal. However, it is not yet financially viable: slum households would need to pay INR 120,000 each, which is unaffordable to most dwellers.

Stage 3 Enhancing the financial viability through budget-neutral market-based subsidies



To enhance the financial viability, the implementing Authority waives its receivables, sells additional development rights worth INR 2 million to the formal owner and transfers receipt from this sale to the community's account. To treat each proposal equally, the Authority does this for all three proposals.
It is noteworthy that the total subsidy of INR 3 million is (i) budget neutral (i.e. does not cost anything to the Indian tax payer) and (ii) not larger than the affordability gap in the most efficient land-sharing proposal. The subsidy is granted in favor of slum dwellers so that the latter are not burdened with excessive debt and, instead, are liquid enough to invest into their homes at closure of the SPS.

Figure 6. Parallel Structuring of Alternative Development Proposals

stakeholders are willing to pay. If this is not the case for any of the proposals, the implementing Authority may waive[23] or reduce claims finalized in favour of the public sector and/or provide budget-neutral assistance such as granting additional development rights—but only as much as is required to make the most efficient solution work (Figure 6).[24]

Stage 4: Ensuring project finance and enabling access to market-based housing microfinance

Each draft SPS proposal shall include a legally binding financial agreement between financing institutions and the stakeholders. If necessary, the SP Officer shall assist in brokering this agreement between the lender and stakeholders, especially with the community.[25] In case the SP Officer is unable to secure external financing, the implementing Authority may also provide a wholesale loan to the community's cooperative that then may extend individual loans to its members.[26]

Stage 5: Acceptance and statutory declaration of final development proposals

All proposals shall be developed in consultation with all the stakeholders—particularly community members. If it is possible, proposals shall be developed through a participatory process. Any proposal shall be considered final only after it has been accepted and endorsed by the community *and* the Authority. The CBO shall represent the community.[27] The Authority shall represent all the stakeholders, including formal landowners whose (monetary) rights are already guaranteed through the Final Rights established in their favour.[28]

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STEP VI: Plebiscite on Proposals and Statutory Declaration of Final SPS

Slum residents shall vote to decide which proposal should be implemented. The terms of the selected proposal are converted to a contract, binding upon all stakeholders.

Four reasons recommend that slum residents decide upon which proposal shall be implemented:

1. Their vote builds trust. Knowing that they exercise at least some control over the process, promotes buy-in and fosters cooperation by the community. This, in turn, will alleviate much of the opposition that has confronted past slum-improvement projects in India.
2. The vote does not harm the interests of any other party. Under all circumstances, the proceedings of the SPS are set up to protect rights established in Step IV.
3. Only the vote by the slum dwellers themselves can ensure that the optimal scheme is selected and implemented. Only the poor themselves know the intrinsic value of their communities (both material and immaterial) and, thus, only they are able to decide how much should be paid for maintaining the positive aspects of the status quo.
4. A corollary benefit is that, through the vote, the slum dwellers implicitly assess value of the informal structures on the land. Therefore, as suggested above, the valuation proceedings in Step IV may ignore the survey of informal structures. This simplification will save valuable time and resources and streamline the SPS process and permit faster structuring and implementation of SPSs.[29] The speed gained is an essential ingredient for successfully improving India's slums at scale!

a) Voting proceedings

The vote shall be valid only if 70 per cent or more of enumerated voters participate. Additionally, proposals must achieve a 70 per cent super majority of votes to be enacted.[30] If no proposal achieves the required supermajority in the first round, run-off votes may be held.

b) Proceedings in case of rejection of all proposals

If even a run-off vote with a single option—the most-favoured proposal—does not produce the required 70-per cent super majority then this shall trigger implementation of the 20-20-Scheme[31] dictating the following:

1. The community shall pay a fee equivalent to 20 per cent of the land value in exchange for a 20-year temporary tenure in order to facilitate access to housing finance, basic infrastructure (at least water and sanitation) and to remove negative externalities such as health hazards due to the lack of water and sanitation.[32]
2. Landowners do not receive any payment against their property rights claims, unless all other costs and government claims are paid off.
3. The SP Officer and her superior receive negative performance entries in their public service curriculums because of not having been able to broker an agreement.[33]
4. After the 20-year deadline, all stakeholders shall possess the same rights as before the period started and a new SPS may be initiated.

c) Declaration of the Final SPS

The proposal that achieves the required 70-per cent super majority in the plebiscite or the 20-20-Scheme shall be declared as the Final SPS to be implemented. The rules of the accepted proposal or of the 20-20-Scheme shall become binding on all stakeholders and be enforced by the statutory powers of the Act.

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STEP VII: Conversion of CBO and Statutory Registration as Housing Cooperative Society

A Housing Cooperative Society is created to hold collective land tenure and, operate and maintain infrastructure and community facilities in the improved slum settlement.

The community shall be given collective land tenure for the land remaining in its possession.[34] The CBO shall be converted into a Housing Cooperative Society (HCS) to hold and administer this collective tenure.

STEP VIII: Statutory Registration of De-jure Tenure

After net claims pertaining to adjudicated property rights are compensated, legal freehold tenure will be registered in the name of each stakeholder who has received land (registered as collective tenure in the case of the slum community).

1. The Authority shall enforce the contract and ensure that all final rights established are fully compensated.[35]
2. In case of the community, collective *de-jure* land tenure shall be registered in the name of the HCS. Share certificates of the HCS shall be fully inheritable, fully mortgageable and fully alienable (e.g. after twenty years, with a managed-alienation process during the first two decades).[36]

STEP IX: Implementation of Physical Development Scheme

The selected physical development proposal is implemented according to the binding contract.

In conjunction with the registration of *de-jure* property rights, the physical development project shall be implemented. Depending on the approach chosen and the standards negotiated, land, housing, basic infrastructure and services shall be provided to the community[37].

STEP X: Statutory Closure of the SPS

Once all preceding steps have been fully executed, the SPS is statutorily closed.

The SP Officer, her superior and all the stakeholders shall sign off on the completion of the scheme. The statutory closure will be announced in the local media via the Authority's website and LO's notice board. Successful completion shall also trickle positive performance entries in the public service curriculums. If any party refuses to sign, the Tribunal shall have the powers to verify completion and, if deemed rightful, sign off.

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Section II-The Enabling Institutional Framework

The purpose of the SPS framework is to rapidly and sustainably improve and integrate slum communities within the formal city. Creation of the SPS framework requires enactment of robust enabling legislation and establishment of a network of local, state and national agencies that can collaborate with civil society organizations and businesses to rapidly structure and implement SPSs. This section proposes and discusses key features of: The Community Inclusion and Development Act (state-level enabling legislation), Inclusion and Development Authorities (local executive agencies), Special Tribunals (judicial agencies), Community Based Organizations (community organizations), collaborating agencies (local partners to executive agencies) and State-level Inclusion and Development Authority (state-level coordinating and monitoring agency).[38] Our purpose here is not to get every aspect right—but to convey a sense of the institutional framework that would be necessary to make the SPS system operational and effective.

The Community Inclusion and Development Act

The SPS framework provides specifically mandated government agencies with (i) overriding legal powers to cut through accumulated revenue and planning related tangles, (ii) to enable them to adjudicate

on longstanding ownership disputes and (iii) a step-by-step process to comprehensively structure complex slum-improvement projects. The SPS framework shall be defined and enshrined in powerful new state level legislation, which we call The Community Inclusion and Development Act (CIDA).

Key provisions of The Act will have to:

1. Mandate the creation of all institutions that are required to structure and implement SPSs, define their jurisdictions, powers, organizational structure and relationships to other government institution
2. Define SPS proceedings that provide the SP Officer with sufficient functional powers and flexibility to structure and implement even complex context-specific slum-improvement projects
3. Specify monitoring mechanisms and disclosure requirements to reduce the risk of SP Officers misusing their powers
4. Allow the SPS framework to prevail over those provisions of revenue and planning legislations that might thwart realization of the overall objective of CIDA
5. Allow grant of planning and revenue variances[39] and sufficient immunity from prosecution[40] to stakeholders in SPSs

Inclusion and Development Authorities

The urgency to scale up slum-improvement and integration programs makes it imperative that the SPS institutional structure be highly decentralized. Decentralization will better allow the use of detailed local knowledge, encourage the structuring of locally united SPSs and make it possible to mount the level of effort required to tackle the slum problem in Indian cities. Needless to say, it will also be necessary for the state and central level institutions to support local institutions by providing them resources, and to help them connect so as to ensure rapid dissemination of information. Towards this end we suggest the setting up of local Inclusion and Development Authorities (IDAs) in all urban agglomerations[41] with the following responsibilities:

1. Register demand for SPSs that are requested by citizens including slum dwellers and neighbours and by institutions including public authorities, NGOs and private sector developers
2. Schedule SPSs according to demand[42]
3. Mobilize, plan, design and implement SPSs
4. Solicit and monitor services carried out by private and citizen sector organizations—such as enumeration and mapping of slums or structuring of development proposals—where deemed appropriate
5. Undertake or support socio-economic development projects in slum communities to either complement or follow up on SPSs

To work effectively, any IDA would need its own budget and be able to collect the revenues required for meeting its expenses. Therefore, IDAs should have taxing and/or similar powers to meet its expenses—such as:

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1. Levying a fee for unlocking the dead capital due to land disputes through SPSs
2. Creating an incremental tax district around the improved slum to charge for benefits accruing to adjacent communities
3. Collecting property taxes in formalized slums for a limited time period
4. Siphoning off a share of revenue surplus of commercially viable projects
5. Receiving a share of freed-up slum land (e.g. through land sharing or redevelopment on government land)
6. Appropriating land from other public bodies that appropriated or purchased this land for the purpose of low-income housing in the past
7. Auctioning development rights

To ensure that IDA activities and policies are carried out continuously through various executive periods, with potential changes in government, we recommend installing an inclusive IDA governing board with members from diverse sectors including government, political parties (both the ones in power and in opposition), civil society, slum communities and the private sector.

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Special Tribunals

To ensure that the SPS regime does not get bogged down in courts, it will be necessary to create focused Special Tribunals. Stakeholders in disagreement with property rights established or in doubt about procedures followed by the SP Officer must have the option to resort to a judiciary body, otherwise, SPSs may not only be perceived as unfair but SP Officers would also enjoy too many powers.

The function of such tribunals will be to hear appeals and complaints regarding the functioning and decisions of SPS-related institutions. Special Tribunals should be final authorities in deciding upon matters pertaining to SPSs, including the final monetization of rights. The Tribunal shall also have the power to prescribe a course of action in case of procedural default, including cancellation of a scheme, resetting it to the point of default or proceeding with a scheme but awarding compensation to stakeholders, disadvantaged as a result of procedural default.

A number of measures can be adopted to ensure effective functioning of the Special Tribunals. First, sufficient numbers of Tribunals should be created and they should be spread out across a state. Second, Special Tribunals, besides having judicial capacity, should also have the domain knowledge to be able to rapidly understand issues and pass judgment on the functioning of SPS-related institutions.[41]

Community Based Organizations (CBOs)

To be able to effectively participate in the SPS Framework, communities must be empowered. For this purpose, community members need to form a representative CBO. CBO leaders should have the power and obligation to serve as community delegates and to speak and act on the community's behalf. The Act should not only define the composition and role of CBO leaders but also recognize CBOs statutorily, so that agreements closed by the CBO become legally binding and enforceable contracts.

Local Clusters of Development Partners

Local Inclusion and Development Authorities may collaborate with other local development partners that may assist in the implementation of SPSs. In Section I, Steps III and V have already explained why and how professional NGOs could play a vital role in community mobilization, organization and provision of financial and other services. It is important that the partners are willing to constructively collaborate with the Authorities: a decent level of professional capacity and attitude will be a precondition. Other local partners include administrative bodies, academia and financial institutions.

Figure 7 summarizes the cooperation of stakeholders on the local level, with the example of how this cooperation may look like in Ahmedabad, Gujarat: the Ahmedabad Inclusion and Development Authority cooperates with other local urban bodies such as Ahmedabd Municipal Cooperation (AMC) and Ahmedabad Urban Development Authority (AUDA), with relevant state-level departments such as the Revenue Department of the Government of Gujarat, with mobilized and organized slum communities, with cooperative and professional NGOs such as Mahila Housing Trust (MHT), Saath and Manav Sadhna, with financial institutions such as Gruh Housing Finance, SEWA Bank or State Bank of India (SBI), academic institutions such as the Centre for Environmental Planning and Technology (CEPT) and the Indian Institute of Management, Ahmedabad (IIMA). This process is adjudicated and monitored by Ahmedabad's Special Tribunal.

State-level Inclusion and Development Authorities

In addition to local IDAs, a State-level Inclusion and Development Authority (STIDA) should function as an umbrella organization for local authorities, with the following key responsibilities:

1. Create and support a decentralized network of local IDAs; building local capacity is perhaps the most important responsibility of the state-level umbrella organization
2. Monitor progress and promote information exchange (e.g. best practices) not only amongst the statewide network of local IDAs, but also with other stakeholders, including other states' networks, central government, international organizations and academia
3. To undertake other responsibilities as may be required to achieve the overall goal of a slum-free state, including the promotion and facilitation of affordable housing finance for slum dwellers

Figure 8 illustrates the institutional architecture with the example of Gujarat.

Conclusion

The task of improving and integrating Indian slums is a long-standing humanitarian challenge. We argue that if we seriously want government officers to be effective in undertaking this task, then we must equip them with the necessary powers and procedures. In doing this, we run the risk that some officers might misuse their powers. To address this problem, we have no alternative but to skilfully design a mandatory process that minimizes this risk and provides behavioural incentives while being flexible enough in

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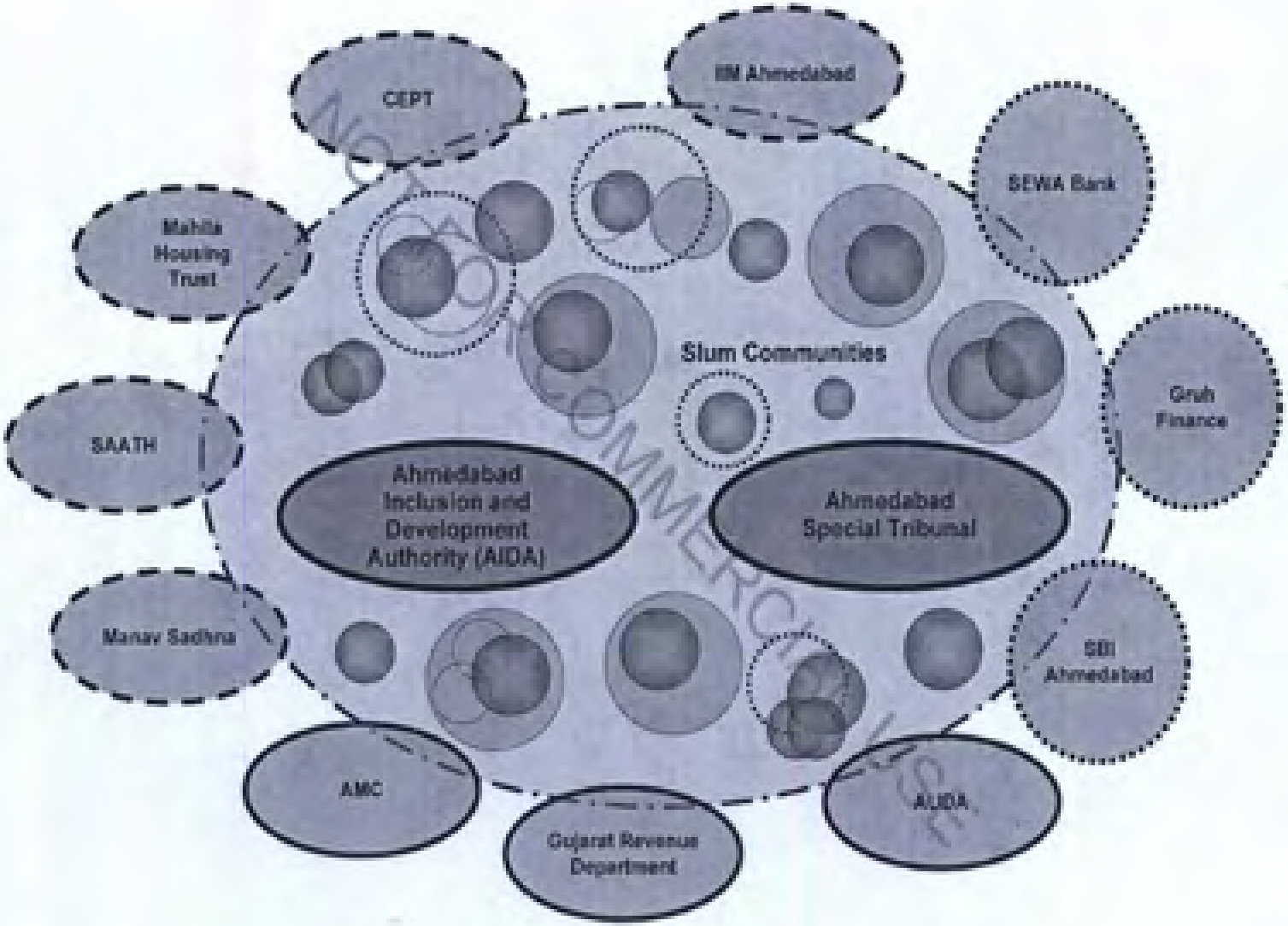

Figure 7. Organizational Chart of a Local Cluster of Development Partners: The Example of Ahmedabad

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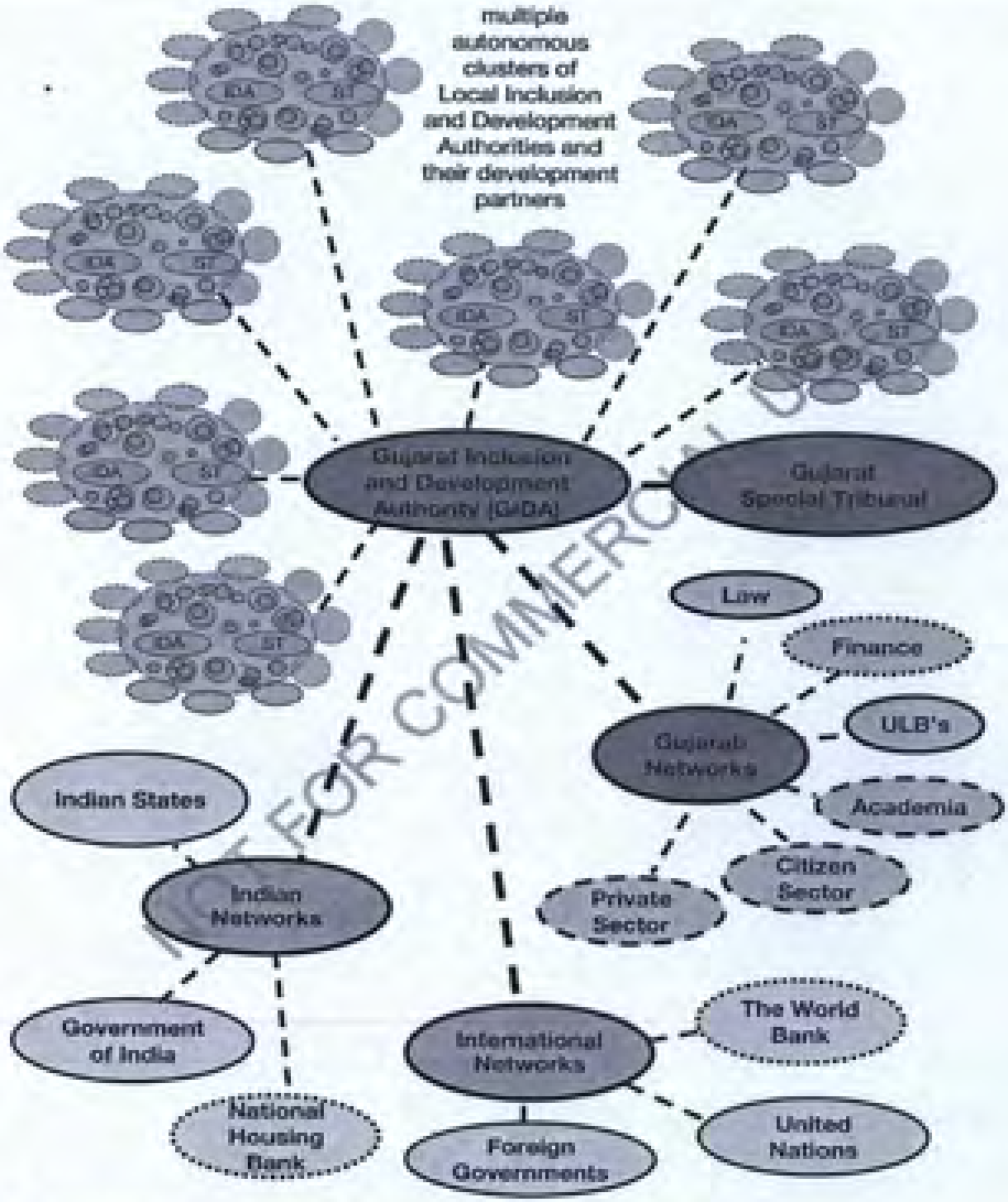

Figure 8. Organizational Chart Showing the Interaction of Stakeholders

order to act within a wide range of differently complex and challenging local specificities. Furthermore, we disagree with the view that, on account of a long history of injustices and of their urgent plight, the government should aid the urban poor even at the expense of others (such as formal landowners). The upholding of basic rights, including property rights, is essential for proper functioning of our society. Therefore, we advocate a framework that is designed to produce Pareto-optimal solutions, respecting the rights of *all* stakeholders—be these rights formal or informal.

In sum, we believe that the only viable approach to tackling the challenge of slums on a larger scale is to institutionalize a statutory process whereby situation-specific, negotiated, forward-looking, politically feasible and financially sustainable solutions can be found and, eventually, implemented. Undoubtedly, this is an imperfect approach. However, if built up with care, we think that it would succeed.

Glossary and List of Acronyms Used

1 crore	Indian unit for 10 million (100 lakh)
1 lakh	Indian unit for 100,000
ADA	Area Development Authority, as defined by the TP&UP Act
AIDA	Ahmedabad Inclusion and Development Authority
AMC	Ahmedabad Municipal Corporation
CBO	Community-Based Organization
CIDA	Community Inclusion and Development Act
CODI	Community Organization Development Institute, Thailand
HCS	Housing Cooperative Society
IDA	Inclusion and Development Authority. A suggested decentralized administrative body responsible for implementing SP Schemes on the local level.
NA permission	Non-agricultural (use) permission
People-Affecting Project	A project requiring the relocation of an informal community, often in the scope of providing city-scale infrastructure
pucca	permanent (Hindi)
SPS	Slum Planning Scheme
The Act	The suggested Community Inclusion and Development Act
TP Scheme or TPS	Town Planning Scheme. A land-pooling tool enshrined in the *GTP&UD Act*
GTP&UD Act	Gujarat Town Planning and Urban Development Act, 1976
TDR	Transfer of Development Rights
UDA	Urban Development Authority, as defined by the GTP&UD Act

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Notes

1. This article is based on a working paper developed at and financed by Environmental Planning Collaborative (EPC), Ahmedabad, India. Author's names are in random order. Bimal Patel (bimal@hcp.co.in) and Shirley Ballaney (shirleyb@hcp.co.in) contributed their knowledge about Indian planning and reverse regimes; Rajendra Joshi (rajendra@saath.org) provided his grassroots perspective and Matt Nolan (nolan@post.harvard.edu) an international development professional's experience.
We thank S.R. Rao (I.A.S.) who, in his capacity as former Principal Secretary, Urban Development and Urban Housing Department in Gujarat, challenged us to work on this problem; C.K. Koshi (I.A.S. retired, former Revenue Secretary of Gujarat) for his valuable comments, especially on enumeration and on slum dwellers'

rights, and D. Thara (I.A.S.) for sharing her deep understanding of problems faced by government in slum development. We also thank Sandeed Virmani (Kutch Navnirman Abhiyan) for helping us advocating these ideas in Gujarat, and Renana Jhabvala (National Coordinator of the Self-Employed Women's Association (SEWA) and Member of the High Level Task Force on Affordable Housing for All, and Bijal Bhatt (Mahila Housing Trust) for patiently sharing their insights, particularly on slum upgrading and Ahmedabad's Slum Networking Programme. We thank Sebastian Morris and Ajay Pandey (both IIM, Ahmedabad) for providing us encouragement at an early stage. We thank Darshini Mahadevia and Rutul Joshi (both CEPT) for valuable comments. Finally, we are particularly thankful to Reinhard Goethert (Massachusetts Institute of Technology) for assisting us in refining our ideas, and to Patricia Annez (World Bank, Brookings Institution) for organizing an informal seminar to discuss our ideas, where Sheela Patel (SPARC) provided valuable comments. Alain Bertaud (formerly at the World Bank) immediately spotted the similarity between our proposal and liquidation proceedings in bankrupt businesses, which made it easier for us to explain our proposal. Finally, we thank Tushar Kamal for compiling the first draft of this essay, and Sabeina Kleinenhammans for assisting in the graphic design of our figures.
All errors remain ours. Arguments made in this article reflect the authors' opinions, but not necessarily the opinion of any other person or institution mentioned.

2. Revenue and planning legislations have their own procedures for resolving regulatory tangles and the judicial system can be used for dispute resolutions. Despite the availability of these resources, it is practically impossible to address tenure disputes in slums for three main reasons. Typically, legislatory tangles involve a variety of legislations and departments. It is virtually impossible, even for someone within the government, to coordinate with all the departments and simultaneously comply with the complex provisions of these legislations. Second, land disputes and (undisputed but) informal transactions involve a large number of stakeholders. In the case of disputes, each stakeholder may have her own story/history of grievances. Organizing them to voluntarily cooperate is practically impossible. Third, some of the costs associated with formalization are simply unaffordable. For example, in order to convert restricted tenure land into non-agricultural freehold tenure, the owner needs to pay 80 per cent of the developed land's market value to the Revenue Department. In addition, transfer and registration fees of 6.9 per cent are required, totaling the dues with 86.9 per cent of the market value. It is clear that slum dwellers cannot pay such a high fee for land that they may have acquired from a formal landowner who sold it informally in order not to pay the high fees (Patel et al, 2009). In sum, the cost (in terms of time and money) of coordinating actions of various stakeholders, of using the courts to redress disputes and the existing formal mechanisms in order to deal with informality is almost always too high for anyone to attempt finding solutions to tenure disputes or informality (EPC et al., 2009).
3. See Annez et al (2010) for a cost estimate demonstrating why this is prohibitively expensive.
4. Extensive literature suggests that relocation must be voluntary in order to ensure that it increases social welfare and that it can usually be avoided through innovative urban design (UN-Habitat & UNESCAP, 2008).
5. The SPS framework combines technical and legal proceedings similar to three existing statutory frameworks: (i) Town Planning Schemes used for reconstituting land and financing infrastructure in Gujarat (Ballaney & Patel, 2009), (ii) assets liquidation in bankrupt businesses used for adjudicating between disputing claimants and (iii) cooperative housing societies used for mobilizing and organizing residents in housing colonies.
6. These provisions are structured to build trust, not only for a particular scheme but also for the SPS framework as an institution at large. As any one stakeholder may have a legitimate interest in slum-improvement, it is imperative that all stakeholders respect cancellation. The structure of the SPS ensures that each stakeholder's rights are quantified and compensated; our intention is to create a Pareto-optimal framework (i.e. that no party will be worse off but at least one party better off as a result of implementation of an SPS).
7. Some colleagues argued that self-enumeration by communities is particularly suited to projects unlikely to receive government subsidies. The absence of subsidies reduces incentives for frauds. For the practice of community-based enumerations see Karanja (2010).

8. This quota shall ensure women's rights and improve participation of women, which is considered a key to developing sustainable community-based solutions (Bhatt & Shah, 2010).
9. Although tenants cannot claim property rights as can other residents, the SPS' larger goal of creating affordable housing and alleviating poverty justifies this exception to market principles. Failure to enumerate tenants might leave them homeless due to rent increases after tenure formalization and physical improvements; therefore, any sustainable solution needs to accommodate the needs of tenants.
10. Allowing the authority to segregate the slum into separate communities recognizes that, often, different communities live within one slum and that they may be divided across ethnicities, occupational categories and income levels and, thus, face different trade-offs. For example, a community consisting primarily of home-based workers might be more flexible about relocation than domestic workers employed in nearby neighborhoods. Grouping incompatible communities together may produce suboptimal results and may even preclude achieving the 70 per cent super-majority of community votes required in subsequent steps to approve one of the SPS proposals developed by the SP Officer. Allowing segregation also enables the Authority to structure different physical–development and tenure formalization proposals for different communities so as to increase the likelihood of achieving the required super majority.
11. Best practices promoted by, for example, the Society for the Promotion of Area Resource Centres (SPARC), India's National Slum Dwellers Federation (NSDF), Mahila Housing Trust (MHT) or Saath is well documented. (Appadurai, 2001; Mitlin, 2008; SEWA, 2002).
12. Many governments would like to take immediate action; however, before implementing Slum Planning Schemes they face challenges that lie beyond the application of the proposed statutory tool: for example, it takes significant amount of time to build the trust that is required in order to be able to effectively organize urban poor communities into a cohesive group. If the SP Officer would start doing this work (with community members who might have never met him) only when a scheme is being initiated, then the SP Officer would most probably not succeed—not because she but because the community would simply not be ready to constructively engage with her or other stakeholders, including finance and microfinance institutions.
13. Requiring the formation of a CBO is intended to ensure that the SP Officer has specifically mandated community members (elected office bearers of the CBO) to deal with. It is also intended to enable the community to build requisite levels of trust and cohesion, make collective decisions and negotiate with other stakeholders—landowners, developers, NGOs and others. The CBO can also serve to manage community facilities and community development initiatives.
14. For example, it may be required that at least 70 per cent of CBO leaders be women or that there should be one leader to represent residents younger than 20 years in age and another to represent those older than 50 years. Experience with working with women in slum projects in India and worldwide has shown that active leadership by women is critical to success. Reasons include the greater amount of time that women generally spend in their communities and the primary responsibility that they hold for the well-being of their households, particularly children.
15. Technically speaking, occupants or possessors may be a more accurate term.
16. To streamline proceedings and to finance the Authority rights established in favor of the government may be allocated to the Authority. Again, the Authority may use this income strategically. This will be discussed in Step V.
17. Resolution of the property dispute frees the dead capital in the land and this justifies levy of a fee. The level of fees may be determined considering various factors: for example, fees for all parties may be nominal if claims are established without an appeal; however, in case of an appeal, fees may become significant (e.g. 20 per cent of land value) in order to discourage appeals and to speed up implementation. Fees could also be used to cover the cost of the Tribunal (see Section II). In addition to these, fees fulfill several strategic objectives: first, well established fees reduce claims of other stakeholders; second, if fees are waived later on, they reduce the revenues that improvement projects need to generate and, thus, improve their financial viability; third, fee revenues can be used to cross-subsidize other projects.

18. The SP Officer may need to engage an NGO to provide such services.
19. Again, whether land is really required for public purposes should be carefully evaluated. In many cases, careful project design (such as an in-situ land-sharing project that splits land between an infrastructure project and densified low-income housing settlement) is a powerful alternative to unduly harmful relocation projects.
20. Assessing the value of informal settlements is difficult (if not impossible) because the true worth reflects not only physical structures but also immaterial values such as economic, social and cultural relationships within the community itself as well as between the community and the city as a whole.
21. Net receivables and dues should be calculated per slum household. This will not only help to keep track of affordability at the level of the household but also in easily determining financial viability of the proposals.
22. Unless the Authority chooses to subsidize a scheme, the households' affordability (ability or willingness to pay, given other obligations such as food, health and education expenses) will constitute the binding constraint determining the financial viability of any proposal.
23. Waiving this revenue may be prudent because: (a) The government would anyhow not collect these fees and taxes—as long as the slum continues its informal existence so that the opportunity cost of this policy is zero. (b) By enabling the scheme, ultimately public revenues will increase due to higher property values and tax collection. Finally, (c) waiving the fees can be compared to the cost of purchasing land for affordable housing, which is anyway a government priority. In this light, the purchase at a cost well below market value is a considerable bargain. Finally, the effective cost of the land is zero (see (a)) and allows the government to collect more revenue from it (see (b)).
24. Additionally, wherever necessary, the viability may be further improved through the allocation of additional funds, preferably through budget-neutral mechanisms such as auctioning development rights or granting transferable development rights. However, though these subsidies are revenue-neutral and thus available virtually indefinitely, their use should be weighed carefully and only be allowed under strict public supervision. This is required because their allocation may provoke misuse and corruption within an otherwise transparent system.
25. The latter is particularly important because community members must have meaningful access to affordable financing, either individually or jointly as a community. If not, their capacity to make co-payments will be marginal. This restriction would not only cripple the community's ability to improve of their homes and neighbourhoods—ultimately, each stakeholder's chances to successfully engage in the negotiations also depend on the resources she brings to the table. Additionally, lack of financial access would obstruct the financial viability of any improvement scheme itself.
26. The Community Organization Development Institute (CODI) in Thailand may serve as an excellent reference for this best-practice approach (Boonyabancha, 2004).
27. While the CBO may approve the draft proposal at this stage final authority remains with the community. In the next step of the SPS, the community itself must endorse one of the proposals through its vote.
28. The Authority acting on behalf of all other stakeholders—including public sector entities, private individuals or businesses—should be acceptable since their monetary interests are guaranteed through the final rights established earlier.
29. Imagine the process without this significant simplification: the valuation of all slum structures in India would be so time and resource intensive that slum-improvement could only be brought to relatively few areas.
30. The super majority seeks to ensure that (i) broad support for the proposal exists in the community and (ii) the economically weaker households can afford at least some co-payment.
31. This compulsory option of last resort shall recover the political, social and economic costs invested thus far and promote minimum standards acceptable under consideration of the slum dwellers' human rights and of the city's needs at large. Without such a compulsory scheme the public might end up paying the price for unreasonable demands of any one stakeholder obstructing a mutually beneficial agreement. While the 20-20-Scheme must add value for society and its consequences be transparent and fair for all the stakeholders, it must be unattractive to any individual stakeholder too, so that the latter is encouraged to engage in constructive negotiations.

32. Paying the 20 per cent fee at once may be difficult for slum dwellers. Thus, structuring a financial vehicle similar to a lease may be helpful. On the other hand, the slum dwellers may consider alternative ways of financing or income generation: for example, taking in renters may pool the land costs amongst a larger number of households and provide additional living space (e.g. for rural–urban in-migrants), alleviating the low-income housing shortage in cities.
33. The SP Officer should be considered as a stakeholder on equal terms—and possibly with self-interest—in the game.
34. For reasons see Step VIII.
35. As described above, this may happen in cash, in kind (e.g. in land and development rights) or a mixture thereof. If a stakeholder receives land, it may be necessary to clear or subdivide it. Eventually *de-jure* tenure for land free of encumbrances shall be given to all stakeholders.
36. This is the preferred approach because: (i) negotiating with hundreds of individuals is complicated. Allocating rights collectively considerably simplifies the process. (ii) Collective rights held in the name of a HCS will help promote cooperation amongst community members and provide a permanent vehicle for community maintenance and for initiation of further development projects. (iii) Inalienable rights may be perceived as unfair and inefficient; though the policy may be designed with good intentions, it is unfair to not allow a low-income household to sell its home when everyone else is. More importantly, inalienable properties may prevent low-income persons from moving nearer to more lucrative jobs. Therefore, rights should be alienable. (iv) A high transfer fee payable to the HCS on sale of a housing unit can work as a disincentive to quick speculative sale of housing units. The cooperative may either distribute the income from the transfer fees or pursue new social or economic endeavours. Additionally, the community would be able to control who moves into the community. (v) Finally, if the qualified majority votes to do so, the community may collectively sell the land (or a portion thereof). This guarantees that the unlocked land is available on the land market in usefully large portions.
37. The construction party will depend on the technical scope of the work and the stakeholders' competencies. For example, if the project is less complex, the community itself may carry out the entire project, which generates income and tends to keep project costs low. Self-built housing is advocated by many experts because (i) providing better use value, (ii) being more economical, (iii) creating space for self-fulfillment, self-confidence and self-expression, (iv) enabling economic growth through professional learning and training, (v) sustaining social movements that allow pursuing other goals; however, it is criticized by others for (vi) not being truly self-built because of (informal) subcontracting, (vii) conflicting with prevailing standards and (viii) using material uneconomically and requiring technical assistance (Mathey, 1991).
38. All suggested names are provisional.
39. It may well be more effective to grant special powers to the SPS regime than to expect revenue and planning regimes to reform themselves.
40. This is important because the lack of (partial) immunity would obstruct the establishment of rights based on acknowledging the history of land. For example, a landowner who sold restricted-tenure land to slum dwellers—despite revenue restrictions—would (reasonably) not reveal the truth if this would render him to a penalty. However, this (avoidable) dilemma makes solving the tenure dispute even more complicated. Contrarily, if enjoying immunity the landowner may admit the informal transaction. Thus, immunity for violations of the planning and revenue regimes shall be ensured. (Immunity might be limited to the case in which stakeholders actively cooperate to create behavioral incentives, similar to rights granted to principal witnesses.)
41. For example, in Gujarat we suggest that local IDAs be set up in all current and designated Urban Development Authorities, Area Development Authorities and municipalities outside of any UDA/ADA (Patel et al, 2009, p. 178.).
42. A demand-based approach that responds to more pressing or more promising slum areas first, is more powerful than the traditional survey-based approach alone. Demand-orientation aids in concentrating scarce resources on areas where people have a high desire for change or where impact is expected to be higher. Within a stipulated

deadline (e.g. 30 days), the Authority will provide a timeline for implementation or a reason for its denial. This response may be publicized via the Authority's website and its local office for progress monitoring.

43. Provided that sufficient local capacity is available, Special Tribunals shall be local, decentralized institutions too. If local capacity is insufficient, Special Tribunals from larger cities may assist smaller cities.

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