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**EVALUATION OF THE POST- REVOLUTIONARY URBAN LAND POLICY
IN IRAN: CASE STUDY AHWAZ CITY.**

by

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Thesis submitted for degree of Doctor of Philosophy (PH.D)
to the

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Faculty of Social Science

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To My Family

My family is the heart of my life. It is the place where I found love, support, and a sense of belonging. My parents, my siblings, and I have shared countless moments of joy, laughter, and tears. They have been my first teachers, my first friends, and my first loves. They have shaped who I am today and will continue to guide me through life's challenges. I am grateful for their unconditional love and the foundation they have provided for me. I will always cherish the memories we have created together and the bond that ties us together. My family is my greatest treasure, and I will always strive to be a source of love and support for them just as they have been for me.

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DEFINITION OF TERMS

To avoid ambiguity, and to clarify terms which are not familiar to the reader, some terms which appear in this thesis are defined here below.

Islam means: "submission to the will of God". Those who make this submission to obey God's laws will live an internal and enjoyable life in paradise.

Qur-an: the holy book of Islam, it is God's words which were revealed to Muhammad (P.B.U.H) and is now recorded in 114 chapters (Surahs). It is the Same all over the world, with no difference even in any letter or a word (Arabic Origin).

Muslims: those who accept Islam as a religion and a way of life.

Muhammad (P.B.U.H): *was* the last of a long line of prophets beginningⁿ with Adam and including Abraham, Noah, Moses and Jesus (peace be upon them).

Sharia: Islamic laws, Islam is a religion of laws so comprehensive that it has rules for all human activities, personal and interpersonal. These laws are called Sharia, meaning the straight paths, it derives in varying degrees from four sources, the primary one being the Qur-an recognized as supreme by all Moslems, second is Sunna, third Qyias, and forth Ijma.

Sunna: the collection of Hadith (traditions and saying of ^{the} prophet).

Qyias: determined by jurists whose decisions in various cases were based on analogous elements in preceeding cases.

Ijma: the consensus of ^a group of judges representing the community.

Riba: any interest irrespective of the level of interest rate and the purpose of the credit, is prohibited. Riba, then, is defined as a positive predetermined return on capital.

Zakat: "Alms giving", is the welfare tax to be collected from the rich people and distributed by the state to the needy, poor people. The individual is expected to grow spiritually and to simultaneously help society and gain merit with God. Alms giving (Zakat) calls for annual payment of an alms tax for the poor.

Musharekat Madani: "civil partnership", in which a bank and an enterprenure jointly contribute to the capital of a company or of a particular project, (in small scale, dwelling construction).

GLOSSARY

Bayeer	Undeveloped Land (with historical development).
Dayeer	Developed Land.
Mavat	Waste (Virgin), Land (with no background of development).
MHUD	Ministry of Housing and Urban Development.
TRO	Title Registration Office.
ULL	Urban Land Law.
ULO	Urban Land Organization.
ULDO	Urban Land Development Organization.
UWLOAL	Urban Waste Land Ownership Abolition Law.
WAQF	Land stopped for God and used for religious purposes.

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ABSTRACT

Urbanisation is a major problem in Iran today which seems likely to increase. Most national and urban governments are under pressure to accept the large and growing proportion of the urban poor and to help them find affordable shelter which meets their immediate needs. However, in many developing countries access to land, and in particular urban land, poses the greatest problem to the low-income settler in his attempts to obtain accommodation.

Accessibility to land is restricted as the settler does not have enough money to participate effectively in the urban land market. As such, the availability of housing to the urban settler depends primarily upon the ease with which land is released by the land owners for development. Private urban land ownership and management has been underlined as a common impediment to availability of land for housing the urban poor. It is also a major man-made constraint on land availability in the market.

Public policy approaches to residential land vary with the dominant political ideology of different societies. The Iranian government, after the revolution of 1979, made an attempt to solve the country's urban housing problem, by applying the Islamic principles of property ownership restricting the amount of urban land individuals can own, and distributing the excess land on the one hand, while providing access to loans and construction materials on the other. Using equity, efficiency and impact as criteria for measuring the success or failure of a given policy, the aim of the study is twofold: a) evaluation of the recent urban land policy in Iran in terms of accessibility to land by low-income groups and efficiency of land-use; and b) to evaluate the policy impact on housing and associated services, using Ahwaz city in Iran as a case study.

The thesis postulates that the supposed potential of public urban land ownership and management are not necessarily achieved simply because land is owned or managed by the state. The degree of success depends essentially on what form the public ownership and management take, on the nature and character of the society involved, and on how public authority is exercised in the process of implementation.

The thesis concludes that the theoretical controversy in which different systems of land ownership are set against each other, has become divorced from practical realities. Like other Third World countries' policies the policy in Iran tends to benefit the upper and middle income groups either deliberately or unintentionally. The Islamic

ownership of land therefore, does not automatically imply an urban land policy that is more productive and just than any other system of land management. Factors such as administrative efficiency of the public agency involved, the amount of public money made available for housing the poor and the socio-economic condition of the targeted groups are fundamental to the realisation of the potential benefits of any land ownership system.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The study was undertaken to evaluate the urban land policy in Iran, and its impact on urban housing in general, and low-income housing in particular. Housing experts in Iran have agreed that government policy should respond to the basic needs of the low-income families, especially when these needs are not being met by the private sector. After two decades of government failure in solving the problem of low-income housing, however, there was a growing belief among urban policy makers that public land ownership and management could serve well the housing needs of the urban poor in Iran.

In line with such a concept, the Islamic Republic of Iran, after the revolution of 1979, initiated an urban land policy in which they assumed that low-income urban families would have easy access to cheap land and houses in addition to basic services. According to Iranian urban land policy, individual ownership of land was restricted to 1,000 m² in urban area, whilst excess land was subject to state ownership. The Urban Land Organisation (ULO), a government agency, was established to carry out the implementation of the policy and to distribute the expropriated land. This situation has provided an opportunity to assess the direct government intervention (public management), in housing the urban poor under an Islamic state system.

1.2 Background of the Problem

One of the most striking phenomena of our times is the very rapid growth of the world's population. United Nations estimates showed that in the 1980s and 1990s the world's population ~~was~~ expected to increase by about 2,000 million people, almost as many as the increase in the 30 years period, 1950-1980 (Times 16/6/80). The same report also estimated that about 80% of the world's population would be living in the Third World by the year 2,000. Also striking is the tendency for population to concentrate in particular locations. In 1950, only 17% of the Third World's population lived in towns and cities. By 1980, 30.7% did so. By the year 2,000, it is estimated that 43.7% will live in urban areas (Kitay, 1985). Not surprisingly, more and more of the urban population is coming to live in relatively large cities, and the number of large cities is increasing. In Africa in 1950, there was only one city (Cairo, 2.5 million) with more than a million inhabitants. By 1980, there were 19 African 'million cities'. By the year 2,000, there will probably be more than 60. In Latin America, there are more than 25 'million cities' compared to six in 1950, there will be close to 50 by the year 2,000. In Asia, there were 21 'million cities' in 1950, 81 by 1980 and there could be over 160 by the year 2,000 (McAuslan, 1985).

Generally, such increases in population pose serious problems of human welfare and development but the concentration of population in a few cities creates problems of wider dimensions. For example, at the end of

1970s, 10 of the 15 largest cities in the world were located in the developing countries (Kitay, 1985). Here primate cities have proved highly and persistently attractive to rural-urban migration and are now confronted with a whole range of problems of increasing severity. Of these problems perhaps the most obvious is overcrowding - too many people occupying too little space and competing for too few houses, jobs and services. For example the city of Calcutta has an average residential density of almost 750 persons per hectare (Ahmad, 1965). The imposition of such high numbers of people on the limited resources of the urban centres creates severe shortages of those resources that cannot be readily increased, thus diminishing the standard of living of the majority of the urban residents. One of such resources is housing which city governments are hard-pressed to provide in addition to the basic services that residents require or expect.

It is clear that the increase in number and size of urban centres would similarly affect the growth in ^{the} amount of land required for urban purposes in general and houses to shelter this new urban population in particular. According to a group of experts, land required for urban needs will increase from 16.5 million acres in 1950 to about 41 million acres by the year 2,000 (Kitay, 1985). As we rapidly approach the year 2,000, the need to acquire urban land for the increasing urban population is vital for developing countries. As countries become more and more urbanised, however, the issue of the efficient management of their urban land resources becomes more critical. With increasing urban populations and their

increasing need for housing, the changing needs of production processes, with changes in transportation and communication technologies and systems, the intensification of migration and rapid household formations, and with greater demands for higher space standards, cities are experiencing acute problems in providing adequate supplies of land to satisfy these needs and demands at the right places and at the right times.

While these demands for urban land continue to grow, however, its supply is both genuinely and artificially limited. This arises from the fact that supply and location of land is generally fixed, so that increased demands can in many cases only be met by intensification of use. Increased intensification of use often brings about problems of congestion which can give rise to serious social costs and other negative externalities that adversely affect the environment.

Increased demand for urban land is also often reflected in higher land price. Higher prices lead to expectations of continued price rises, and thus to hoarding and speculation and further limiting the availability and accessibility of land facilities to an increasing proportion of urban residents.

The provision of housing for urban population poses problems to governments in both the developed and developing world. In developed free market economies, housing provision is basically the responsibility of the individuals, though there is almost always an element of

state involvement. In centralised economies, housing is a basic responsibility of the State. In all of these countries, there is a conscious government effort to monitor housing provision. Government involvement in the housing sector operates to provide housing for government officials and functionaries of the ruling politicians, while the ordinary urban population is left to its own devices if it is to find accommodation. The majority of the urban population in ^{developing Countries} the countries have low incomes and cannot afford the high capital outlay inherent in house provision. Due to a lack of government interest in housing provision, there has been a proliferation of poor housing, variously described in the literature as slums, shanty towns, squatters and so on.

The high capital outlay needed in housing provision limits the capability of the housebuilder to acquire land, to purchase building materials and to employ labour to construct the house, among other things. Analysis of these prerequisites in housing construction shows that, whereas the others are important, accessibility to land is the sine qua non of the entire project. This is because unless land is available to the housebuilder, accessibility to building materials and labour are of little use. Literature on urbanisation in the developing world abounds in examples of low-income urban settlers' efforts to solve their accommodation problems through the construction of houses on land to which they have no title.

Many such squatter settlements have been identified in

developing world. In Peru, for example, the creation of squatter settlements is a secret and forceful enterprise, which is undertaken after a series of secret nightly meetings of the would-be squatters, which has been appropriately called an "invasion", (Lloyd, 1979). Pearlman (1976) describes a similar phenomenon in her discussion of the Favelas of Rio de Janeiro in Brazil. The significant thing about these squatters is the fact that they begin as meagre accommodation, barely sufficient to serve the needs of their inhabitants (Solaun et al 1974). With time they develop into townships with community leaders and accommodation that serves the needs of their inhabitants (Lloyd, 1979: 23). This metamorphosis generally results from improvements in the economic status of their developers, but, more importantly, from improvements as a result of securing the title of the land. Such improvements may be real, whereby the government compulsorily acquires the site for the inhabitants or forces land owners to grant titles to the squatters (Solaun 1974); or may be merely psychological, in which case the squatters feel secure because of inactivity on the part of the government and land owners in ejecting them. This is what Doebele (1978) calls a "perception of the risk of removal". Little progress in housing development therefore, can be expected without a much deeper understanding of the possibilities for effective action on the land issue.

Accessibility to urban land in many developing countries poses the greatest problem to the low-income urban resident in his quest for accommodation; he lacks the

ultimate weapon, money, with which to participate in the urban land market. Grimes (1976:43) estimates that for middle and low-income housing in Ahmadabad, Bogota, Hong Kong, Madras, Mexico City, Nairobi and Seoul, land makes up to between 12 percent to 46 percent of the total cost of single family public housing units and from two percent to 15 percent for multi - family units. The most significant characteristic of housing prices is the fact that the prospective builder must be able to purchase an interest in the land before he can begin his housebuilding. When land prices are high, many people who cannot afford them are denied the opportunity of building their own houses. The existence of a legal possibility for everyone to participate in the land market thus becomes merely theoretical as high land prices operate as an effective bar to land accessibility to many would - be participants. The fact that a person cannot afford the high prices of land does not necessarily mean that he cannot provide himself with accommodation if land was available to him. This has been demonstrated in the philosophy behind the development of squatter settlements. The solution would appear to be the manipulation of the market in land so that prices are brought within the means of low-income urban residents, some influence or authority extraneous to the market mechanism.

The problems of Bombay, Sao Paulo, Mexico City, Bangkok, Manila are quite distinct, and suffer in "the urban land crisis" resulting from the failure of national governments to ensure that cities develop with enough legal housing plots for their poor majorities. Most

governments have the constitutional power to control their urban development. Only a few have taken some steps, while the majority do little or nothing (McAuslan, 1987; Menezes 1988).

One of the most serious implications of this trend is a scramble for living space which is becoming more scarce and expensive. Although this problem has its root in the incomes of the urban population, it is also a problem of the exclusion of large number of people from the land and housing market. Governments of different nations have taken various measures to solve urban problems, mainly housing the low-income families. These measures include site and services schemes, construction of formal housing, land acquisition, land-use control, land taxation and legal restriction of land ownership. Although many of these measures have multiple objectives, they are all intended in some degree to provide land for housing, particularly for those excluded by the market. The experience of formal housing methods in Singapore, Hong Kong and the Republic of Korea for example, show that the cost of such housing was too high to be afforded by the relevant income groups. Land purchase experienced in the Republic of Korea was successful in terms of land acquisition, but falls down in terms of the high price resulting in the lack of access to the poor.

The experience of many countries show that the problem of the shelter of low-income people is not necessarily solved by large scale land acquisition and land banking. Public agencies at times tend to behave

much like private real estate developers, creating monopolies and aggravating shortages.

It can be argued that low-income people, if granted access to land, would be able to provide themselves with accommodation. Such accommodation may not be up to the standards prescribed by town planningⁿ regulations, but would still suffice for the needs of low-income earners. The land market is seen as the limiting factor in the inefficiencies in the housing system. Landowners have been blamed for the high prices of land and many have questioned the capacity of the traditional land tenure system operating in a given country to provide a solution to the problems posed by the market mechanism.

Like other Moslem countries, Iran's tenure system was based on the Ottoman legislation, which divided all land into four main categories i.e. Mulk (private ownership), Miri (Khalessah in Iran: state ownership), Waqf (saved for God), and Musha (collective ownership). Before the revolution of 1979, the pattern of land ownership in urban areas was following the situation prevailing in free market economies, exercising the liberal concept of individual ownership of private property including land ownership. This type of land ownership was justified by the social norms that private ownership of land in Islamic societies is guaranteed, and any change in this respect would cause social disorder or political upheaval. As will be seen in chapter three, this was not the tenure pattern that the Islamic law of property ownership had recommended. It became clear that the general public,

including government bodies believed that the land management practices of the private market operated to exclude the poor from residential urban land and sometime thwarted efforts by government to control urban growth and development.

The demand for housing has been rising steadily, along with the growth of population and increasing urbanisation. The construction of housing has not however, kept pace with the demand and the cost of housing has also risen beyond the paying capacity of the majority of the people. The ever widening gap between the demand and the supply of houses and also between the cost of housing and the affordability of the masses has resulted in overcrowding and congestion in the old centres and in the spread of squatter settlements and shanty towns without basic services such as water supply, sanitation, electricity, open space, schools and other community facilities. Housing problems could be alleviated by increasing the supply of houses to the majority in need. It is feared that the current distribution of building plots and houses has been such that only rich and the middle-income can afford it. This possibly results from the fact that such houses have mainly been provided by people who seek high and quick returns on their investments and price tenancies in their houses at levels that are so high that only the rich can afford them (Lowder, 1986).

In view of the continuing process of urbanisation in developing countries including Iran, as well as the

inadequate resources on the part of both the people and the public sector, more realistic policy is deemed to be necessary. In effect, the key problem concerns the access of people to land on which they can build their houses. This necessitates the formulation of a realistic land policy, and such a policy must deal firstly with the legal problem of providing security for every family in need of a plot to build a dwelling unit. Secondly, it must provide a means of regulating the physical expansion of urban areas and the required infrastructure services. Within this general framework there must be a detailed deliberation of policy measures to help the achievement of the main objectives of the policy. The policy deliberation must be towards the general objectives of a better standard of housing for every family, especially the lower income group. Policy formulation in regard to the latter group must be based upon the actual process involved in the development of squatter settlement. In other words, one must tackle the problem in the same way as the low-income people have dealt with it. In effect, this type of process is more recommended than public supply of serviced 'standard' units. This policy should stress the incorporation of the energies and savings of the urban poor themselves, who have the ability and willingness to build their own houses through the promotion of a 'self-help' system. This should include a broad programme of housing service delivery, designed to facilitate, encourage and accelerate this type of self-help incremental housing development typical of squatter settlements.

Up to the Iranian revolution of 1979, the critical housing conditions remained unchanged. After the shift of power in Iran, the new government found it was necessary to intervene urgently in alleviating housing problems and enabling low-income families to provide their own housing. The state consideration took different measures which were ultimately manifested in formulating new laws. These were the Urban Waste Land Ownership Abolition Law (UWLOAL) followed by the Urban Land Law (ULL). The main objectives of this policy, were " to provide housing land and services for all, especially low-income (workers and peasants); and curbing land speculation" (ULL, 1982). The means for achieving these objectives were: restricting the amount of land each individual can hold; banning any land transaction except to, or from the state; abolition of urban waste land ownership on the basis of Islamic philosophy; establishment of an independent institution authorised to deal with land issues throughout the country (institutions, organisations, ministries, banks and all land belonging to the state was invested in the newly established Urban Land Organisation (ULO).

It was expected that this law would release the surplus of privately owned land for those in urgent housing need, and in particular the urban poor. Industry, public infrastructure services and housing demands all competed for the same limited supply of urban land. It is thus important to find out how the urban poor have fared in the competition to acquire land and meet their housing needs.

Iran's Urban Land Policy is not the first attempt to

deal with housing and urban land problems in developing countries. More significantly, it is one of the first attempts at urban land reform that restricted and separated urban land ownership from the rights of developments on the basis of the Islamic concept of property ownership. Unlike elsewhere, Urban Land Policy in Iran has not embarked on simply built houses or upgraded squatters.

Urban land policy in Iran has changed tenure patterns to the extent that each individual is restricted to own only one thousand square meters in the urban area. This was carried out by the established Urban Land Organisation (ULO), the only national body responsible for urban land issues. The Iranian government has committed itself to full support of the ULO, through coordinating the activities of its organisations, institutions and ministries by all possible means (as obliged by the Constitution), to achieve its proposed objectives in housing construction. It is because of these added traditional, political and administrative organisational factors that the success or failure of the policy assumes wider significance as a viable and financially feasible means of providing basic shelter to the poor, low and middle income families in developing countries.

The thesis postulates that the supposed potentials of public urban land ownership and management are not necessarily achieved simply because land is publicly owned or managed. The degree of success depends essentially on what form the public ownership and management take; on the

nature and character of the society involved, and on the quality of the personnel involved in the public administration and on how public authority is exercised in the process of implementation.

1.3 The Objectives of the Study

It is intended in this thesis, then, to (i) identify and analyse the Iranian urban land policy statement; (ii) identify and characterise the role of the Urban Land Organisation (ULO); (iii) determine the effectiveness and consequences of such a role or policy in terms of access to land by low-income people; (iv) assess the desirability of such consequences and discuss alternative strategies for improved performance and (v) evaluate the impact of the ULO on housing development. This study focuses on residential policy.

Further attempt is made to assess the policy desirability in terms of having access to housing components such as building materials, finance support, basic services (such as water supply, electricity, education and health services), from the ULO's land and housing beneficiaries' perceptions. Finally the socio-economic impact of the new sites on their life: One of the essential tasks in the evaluation of this policy was to assess how far this approach and the housing schemes generated by it, meet the needs of the people who attempted to get access to land and housing via this policy.

1.4 The Study Area

The Islamic Republic of Iran covers an area of 1.648 million square kilometres and has a population of almost 50 million. Iran's urban population accounts for more than 50 percent of the total population. Whilst modern urbanisation is best understood in terms of its broad connection with economic growth, an important point is that the actual character of the urbanisation process in any country is strongly influenced by its specific or internal socio-economic conditions. For these reasons, Iran's rather high level of urbanisation may be seen as implying a set of economic conditions that have been more conducive to urban growth as compared with those experienced in many other countries. Iran, as a developing country, is currently undertaking a profound reform of its socio-economic system on the basis of Islamic philosophy since 1979. In this context, urbanization is an important component of the process of development and as a subject deserves full consideration. Looking to the future, Iran cannot necessarily be expected to follow exactly the same trend of its past experience or as other now more urbanised countries. On the contrary, Iran, according to its own special conditions and new concept of development, may well pioneer its own distinctive path and style of urbanization in the light of Islamic concept of property ownership and its impact on urban land management in the future. This Islamic way of land management is manifested in the new urban land policy and forms the setting of this study.

The implementation of the urban land policy in the city of Ahwaz was chosen as the case study for detailed investigation. Although it is not the only city where the policy has been implemented, urbanization in Ahwaz is especially important for two major reasons. First, it is the largest urban settlement in the southwest region of the country; its housing and planning problems are most acute and of national concern. Ahwaz's proportion of urban population in the two National Censuses of 1966 and 1976 were 51.7 percent and 58.1 percent respectively, compared to the national level of 37.9 percent and 46.7 percent respectively (Iran National Census, 1966, 1976). In 1971 Ahwaz with a 48.9^{*} percent deficit in housing had the most acute housing problem in comparison with other highly urbanised centres such as Tehran (37.5%), Esfahan (35.6%), and Tabriz (28%) (Iran National Sample Census, 1971). Secondly, The situation in Ahwaz is likely to be repeated in many other urban centres as urbanization increases within the country. Hence, a study based on Ahwaz would be of benefit in attacking the problems of land distribution and housing provision in the other towns before they reached the proportions stationed in Ahwaz. Ahwaz is a major city in the southwest region of the country (Fig. I-1), which is at present still ahead of other provincial centres in attracting substantial number of migrants in addition to war refugees. The way policies for providing housing were implemented, and the housing problems in Ahwaz must be of value as lessons for other Iranian urban centres and within the Middle East, to other countries of similar culture. Besides this, Ahwaz is the centre of the oil fields and the capital of the most

* Crude estimation of homeless households as a percentage of Ahwaz's households.

Fig. I-1
Geographical Location of Ahwaz in Iran



industrialised province of the country (Khuzistan province). Also Ahwaz, with a population of 620,000 is as a secondary urban centre being developed as a means of decentralising urban growth away from primate city the capital - Tehran.

1.5 Description of the Study Area

Ahwaz city is the capital of the Khuzistan province, and is located centrally at about 20 metres above sea level. Ahwaz spreads over both banks of the Karun river's flood plain.

Khuzistan province (64,664 km² in area) is located in the southwestern part of Iran. This province contains 13 townships (shahrestan), 24 cities and 30 towns (bakhsh), and 113 villages. Decay as a result of economic neglect in the 20th century allowed it to revert from previous prosperity to a semi-desert area. Its inhabitants are mainly Arab. Before the exploration of oil, the province inhabitants were all poverty stricken, lived in villages of mud huts, and existed by cultivating small areas round their homes. Discovery and exploration of oil in the area at the beginning of this century and the establishment of oil installations, including a great refinery at Abadan near the Persian Gulf, brought back its former importance. There was drastic physical transformation of the area from very thinly populated villages into large urban centres (See Appendix I for urbanization in Iran). The main problems resulting from the rapid process of urban development in this areas, particularly Abadan

(before the war), and Ahwaz, were insufficient accommodation and inadequate public services.

The climate of Ahwaz like other areas of Khuzistan province is hot which affects the organisation of economic and social activities. The maximum temperature in summer (April- October), reaches 50 degrees centigrade, while temperatures as low as zero degrees can be recorded in the winter.

1.5.1 Population Size

Many of the problems of Ahwaz stem from the speed with which the city has grown, its present size and its likely rapid growth in future. The city has grown from just over one hundred thousand in 1956 to more than 200,000 in 1966, 300,000 in 1976 and 600,000 by 1986, increasing at a rate of 5.7 percent per annum between 1966 and 1976. It is thus one of the largest cities in the southwest region and one of the fastest growing in the country. The population is likely to be about two million in the year 2000. Nearly 29 percent of the urban population of the province lived in Ahwaz in 1976. This proportion for 1986 was nearly 40 percent. The growth rate of population in 10 years period (1976-1986), is 7.1 percent (Table I.1). At this time the city population was almost six times that of the next largest urban area within the Khuzistan province- Dezful.

The physical expansion of the city has been equally rapid. The city area expanded three times in a period of

ten years- from 1976 to 1986. The legal limit of the city in 1976 was 25 km² of which 63.8 percent was undeveloped land. This area covered some 72 km² in 1986. This expansion has occurred on a site where the "serviced limit" of the city was severely constrained. The inadequacy of uncontaminated water supply to meet the needs of the expanding large population is a continuing feature of Ahwaz today, and there are problems both in the provision of sufficient uncontaminated water and in sewage disposal. The demand for water has consistently outstripped supply, and the city has recently begun to

Table I.1
Population Growth of Ahwaz city, Khuzistan
Province and Iran, 1956-1986

Year/ place	Ahwaz City	Khuzistan Province	Iran
1956	120,098	1,278,000	18,954,704
1966	206,375	1,707,000	25,788,722
1976	334,399	2,187,118	33,708,744
<u>1986</u>	<u>619,966</u>	<u>2,681,978</u>	<u>49,280,000</u>

Source: Population and Housing Censuses, selected years.
Plan and Budget Organisation, Ahwaz, Iran.

develop an integrated sewage system. At present human and industrial wastes are discharged untreated into the Karun river (the only source of domestic water supply), greatly increasing potential hazards from disease.

1.5.2 Morphology of the Study Area

Ahwaz's size and layout have also created other environmental problems such as traffic congestion, air and noise pollution. Many government departments are located in the centre of the city. Government employees' daily movement results in extra vehicular movement which produces congestion.

Urban growth out from the core has been much influenced by environmental and human constraints. With the dissemination of Islam throughout Iran, although the cities of Iran were overshadowed by the Islamic philosophy, the structure of Ahwaz city shows less evidence of such influence. With the exception of the old restricted areas of "Ahwaz Ghadeem" (old Ahwaz), the rest of the city was laid out in gridiron style. In "Ahwaz Ghadeem" There is a main passage instead of a public road, while different blind alleys branched off it. There were several houses in each blind alley. The reason for the creation of blind alleys was in line with the Islamic idea of keeping women from "the evil eyes of strangers". The blind alley, in fact, was a human and social space, where the women could exchange ideas without being seen by strange people. Therefore, a social environment was brought about and family and tribal relationship was strengthened.

The gridiron pattern of streets however, was subsequently extended to the rest of the city as it grew.

Planners pursuing the recent development of the city of Ahwaz divided ^{it} into four areas, constituting 12 zones. Each zone in turn includes neighbourhoods which are locally called "Mahalleh". Basically zoning is used as a land-use control device to direct the city's development. These zones, however, are not strictly defined. There is no absolute uniformity of the pattern of houses, old and new houses occurring in all parts of the city. It is frequently possible to find large pieces of waste land in the neighbourhood of beautiful houses usually full of rubbish. There is no assurance that if one builds a very nice house, another person will not build a higher storey building and block the former house's view tomorrow. Any type of building could be found in any neighbourhood, especially after the Islamic Revolution when no segregation of classes was allowed. Nevertheless, social and economic characteristics as well as tribal language and level of services have given neighbourhoods different features. Ahwaz is broadly structured into four areas:

1) The Central Area

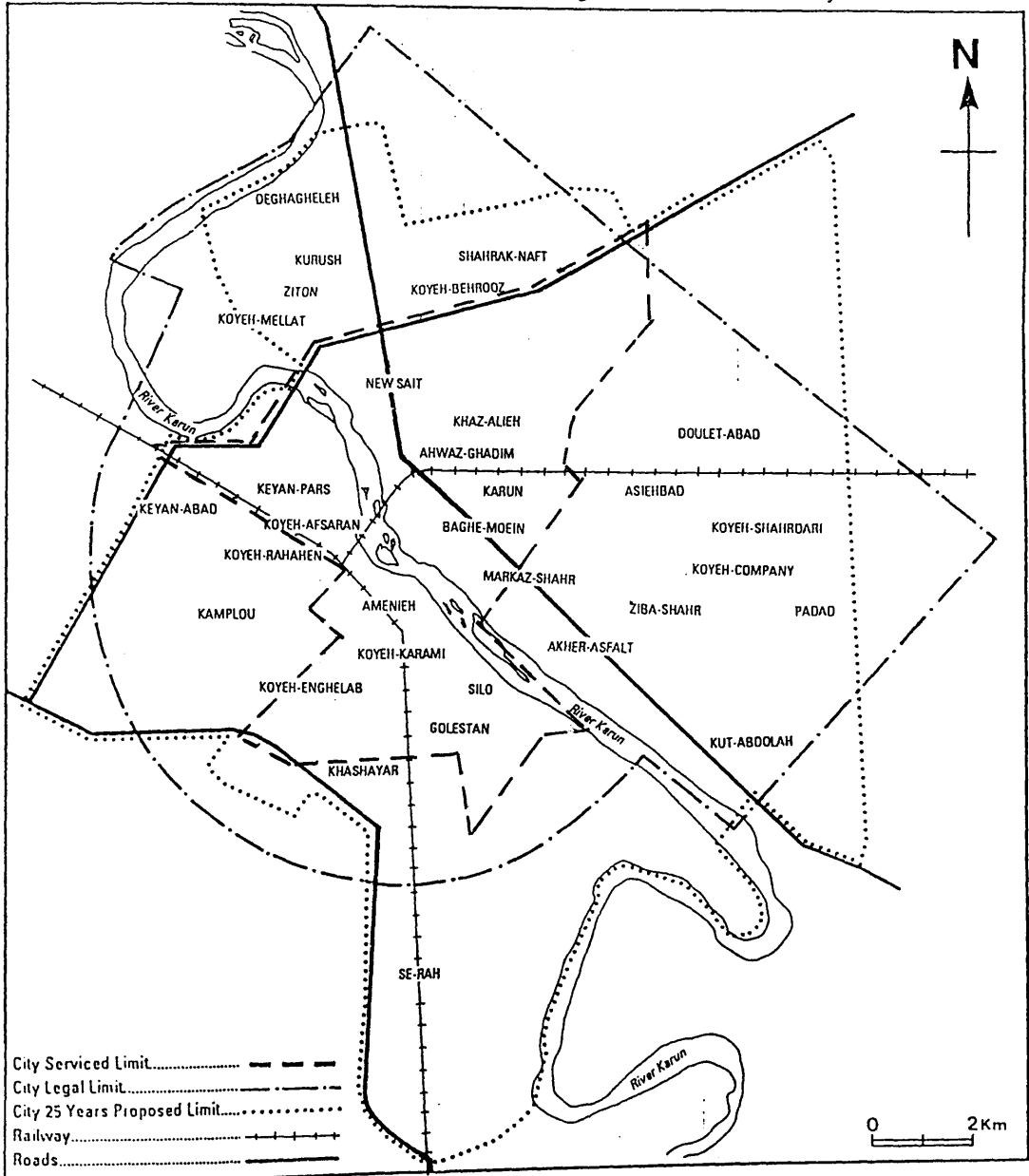
This area consists mostly of re-built or old commercial and official buildings such as offices, banks, mosques and public services. The Central area is located on both the east and west banks of the Karun river and is characterised by trade, commercial and administrative functions, as well as residential use. The main streets' arcades protect the shoppers from the heat in summer. Northward of this area in the old city, old dwellings and narrow intricate alleys characterise the area. The

Central area, together with old Ahwaz, supplies the daily needs not only of the city population but of other surrounding cities as well. The lack of vacant land has forced buildings to grow upwards rather than outwards. Therefore multi-storey buildings are crowded into this area more than any other part of the city. This crowding, in addition to traffic congestion, has caused the shift of some business to the new developed areas such as Keyan Pars and Koyeh- Enghelab. Other neighbourhoods such as Asia Abad, Koye Company and Koyeh Karami are residential areas which house the majority of low-income families (Fig. I-2).

2) Interior Area

Population movement and the displacement of different social and economic activities from centre to the surrounding area, have resulted in the increase of city organisations and institutions as well as commercial offices here. Unlike the central area, building in this area is limited physically and land subdivision is well organised. New streets are grid planned, and connected to the central and outer area. It is worth noting that the city is unequally developed in this area. For instance the minimum unit of subdivision of urban land in some areas, such as Keyan Pars, New site, Ziton karmandi, Shahrak Naft and Koye Mellat was 300 m², (northwest & northeast). The population density in these areas is much lower than in other residential areas. The west, southwest, and southeast development of the city is characterised by medium density which include Koye Golestan, Ziba Shahr,

Fig.1.2 Location of Old and New Neighbourhoods in Ahwaz City 1987.



Padad Shahr and Koye Enghlab. The expansion to the east and west of the city, where land is subdivided into small overcrowded plots (110 m^2) is characterised by high population densities and a lack of infra-structure and public services. The majority of these neighbourhoods' residents (Koye Abozar, Asia Abad, Shelang Abad, Rofish Abad, Charsad Dastgah), are poor or low-income families. Most of the cheap dwellings favoured by migrants are located in these neighbourhoods. Many buildings have been adopted to fit both living and retail business functions at the same time. These neighbourhoods present the most typical pattern of low-income housing in Iran and the largest in Ahwaz. Such neighbourhoods steadily increase in number, parallelling the growth of the city.

3) Outer Areas

These areas were originally satellite settlements which had no direct connection to the city. Owing to the existence of sizable tracts of urban land, these neighbourhoods (Koye Sepidar, Koye Ba Honer, Koye Sanayea Folad, Taavonihaye Maskan Golestan, South Padad, Koye Karun, southwest Shahrak Naft and rural areas within the city limits such as Seyed Khalaf), are subject to future development. Most of the distributed urban land for residential and industrial purposes was located here. The majority of residents generally have urban jobs either in the government or in private institutions employees and small factories such as gas filling, stone cutting, transportation and the like.

4) Marginal Areas

These areas are either on the border of the city or outside it. They include some rural hamlets such as Zergun, Kot Abdollah and industrial areas situated in the Bagh- Shah and Zergan. Moreover, Kot Abdollah is a substantial settlement which owes its origin to the oil exploration era. Its location has permitted the extension of some services to here.

1.6 Housing Condition of the Study Area

The physical expansion and the rapid rise in population of Ahwaz city after 1968, has increased the demand for urban land. Much land in and around Ahwaz city was seized by speculators, and enormous profits were realised as the land came under increasing demand. This had caused many people to invest their limited capital in the purchase of land, such land was regarded as the main source of wealth in Iranian society. This increased the demand and value for land which meant that land was not available for public services. The price of land was too high for not only the urban poor but for the state (for developing public installations). Big tracts of land were owned and hoarded by a small number of land speculators. Land speculation and the problem of housing were extremely critical by 1977. The price of land was 60% of that of a dwelling unit (MHUD, 1980).

There was, however, no land-use planning as such, though there were a number of regulations issued by the

municipality. With a free market, the lower price of land at a distance from the city centre encouraged housing development away from the built-up area, leaving undeveloped lands of various size to await development. The government's intervention in housing was relatively limited, but it was confined largely to providing infrastructure facilities.

Up until 1956, there was no major shortage of housing in Ahwaz city. By 1966 however, the increase in number of households was not followed by the construction of dwellings which led to housing deficit. If it is assumed that the ratio of households to dwellings in Ahwaz is 1=1 per dwelling unit, the housing deficit in 1966 was 34.5 percent which rose in 1971, to 49.9 percent. The comparative figures for 1971 for Tehran were 37.5%, Esfahan 35.6%, and Tabriz 28% thus Ahwaz had the worst housing deficit, both national and provincial (Table I.2).

Table I.2
Ratio of Urban Households to Dwelling Units in
Ahwaz, Khuzistan province and Iran 1976

	households	dwelling units	Ratio
Iran	3,264,193	2,377,584	1.37
Khuzistan	224,384	172,036	1.30
<u>Ahwaz</u>	<u>58,750</u>	<u>38,129</u>	<u>1.54</u>

Source: Based on data obtained from the National Census of Housing and Population of 1976.

1.7 Economic Characteristics of the Study Area

With the increase of oil production the number of employees increased. More than 60% of the oil industry employees were in Khuzistan province. In 1978 for instance, Iran's productive capacity had risen to 7 million barrels per day, of which 89% was produced in the southern oil fields of Khuzistan. In 1976 36.9 percent of the total population were economically active. Ninety percent of this population were employed. The unemployment rate in Ahwaz city, in 1976 and 1986 was 9.7% and 35% respectively.

Three large dams in Khuzistan (Abbaspur, Dez and Karkheh), are major electricity and irrigation sources, which gives the area a unique resource for potential agriculture and industry which is at present not fully exploited locally.

A number of local, regional, national and international development factors contribute to Ahwaz's economic development. Rail routes link Ahwaz to major ports of the country, , such as Khorramshahr, Abadan and Imam Khomainie on the Persian Gulf, to Tehran and the Caspian Sea in the north. The Persian Gulf is the only free water- way for exporting oil and importing goods. Ahwaz also has the river Karun, as a main source of water for agriculture, and water for industrial uses, public consumption and as a source of fish. This city is facing a high population increase over the decade and now houses 39.9% of the total population of Khuzistan province.

As Table V shows, Ahwaz has become the largest urban centre of the province, displacing Abadan. Ahwaz and Abadan together contributed 50% of the total population of the province in the corresponding year. Of the intercensal increase in urban population, 32.1% was

Table I.3
Population of Cities in Khuzistan Province
1966 and 1986

City	<u>Total population</u>		<u>% of province population</u>		
	1966	1976	1986	1976	1986
Ahwaz	206,377	329,006	593,090	26.00	39.9
*Abadan	272,962	296,081	6	24.00	0.0
*Khorramshahr	88,536	146,709	0.00	11.59	0.0
Dezful	84,499	110,287	191,136	8.72	12.7
Masjed Soliman	64,488	77,161	118,914	6.10	7.9
Behbahan	39,874	49,000	142,796	4.59	9.5
Andimeshk		32,085	56,288	2.80	3.7
Susangerd		14,420	32,692	1.20	2.1
Shushtar		26,173	80,786	2.29	5.3
Izeh		10,257	56,357	0.89	3.7
Mahshahr		29,940	139,983	2.62	9.3
Ramhormoz		11,138	49,523	0.98	3.3
<u>Shadegan</u>		<u>10264</u>	<u>37049</u>	<u>0.89</u>	<u>2.4</u>
Total	756736	1142521	1498620	100.00	100.0

Source: National Census of population and housing in Iran
(1966, 1976 and 1986) PBO, Ahwaz.

*These two cities have been destroyed during the Iran-Iraq war.

accounted for by Ahwaz. This population growth is inflated owing to the repercussions of the Iran-Iraq war, for instance the destruction of two big cities (Khorramshahr and Abadan) and hundreds of villages around those cities. Ahwaz at present is a war ordnance headquarters for the southern war front lines and a haven for the war migrants. There are 300,000 war migrants registered in Khuzistan province needing state support, (housing, food, clothing and other requirements). Thirty percent or 81,336 of this population resided in Ahwaz city. This number excludes those migrants who were not registered and were called "self-sufficient migrants" (Table I.4).

Table I.4

Average number of registered war immigrants to Ahwaz city over 7 months in 1985.

Months	Male	Female	Total	H.H no.
March	38,776	40,529	79,305	15,555
Apr.	39,022	40,839	79,858	14,736
May	39,505	41,187	80,692	14,822
June	39,961	41,667	81,627	14,956
July	42,008	40,333	82,341	15,068
Aug.	41,336	41,287	82,624	15,132
<u>Sept.</u>	<u>40663</u>	<u>42,240</u>	<u>82,902</u>	<u>15,190</u>
<u>Average</u>	<u>40,182</u>	<u>41,154</u>	<u>81,336</u>	<u>14,924</u>

Source: The War Migrant Foundation,
(Ahwaz Office, 1985).

Thirteen percent of the Ahwaz population in 1985 was made up of war migrants. Other migration factors are considerable but the war factor is the major one, (Table I.5).

Table I.5
Migration Factors 1985

<u>Factors</u>	<u>Percent</u>
War	76.9
Job	15.2
Marriage	4.1
Accompany with family	3.5
Education	0.3
<u>Other</u>	<u>--</u>
<u>Total</u>	<u>100.0</u>

Source: Based on survey carried out by
Engineers Council of Research
and Development, 1985.

CHAPTER TWO

URBAN LAND POLICY ALTERNATIVES: SHELTERING THE URBAN POOR

2.1 Introduction

The problem of urban land is becoming increasingly urgent. The condition of economic growth together with advance of technology has led to the unprecedented expansion of urban population in most of Third World countries. It is agreed that the cities and towns of Third World often double in area and population within a short period of time. This rapid increase has led to a significant influence on the supply of and demand for urban land. Nevertheless, urban land needs to be socially controlled because it is a resource which exists in limited quantities and in unique locations. Land is both a factor of production and a commodity. As a factor of production it is regarded as a resource in the production process, providing space for houses, factories, offices and other land uses. As a commodity, it has value in its own right, and can be treated in the private market. It is also the ultimate platform for almost all of man's everyday activities, and as a result, he who controls urban land can in many ways affect the urban land use patterns. The role played by land in different areas of capitalist economy, in particular the relationship between land ownership, value creation and the process of capital accumulation, has caused the land to be treated as the prime source of wealth. Mountjoy (1978), claims that the land ownership issue is the major factor for capital

investment in land purchasing. He clarifies the features of capitalists' function in developing countries, when he states that the maldistribution of land ownership caused the Third World urban poor to be excluded from the land market. The greater the demand for land the higher its value and rent become. With such assured returns there is great incentive for scarce capital to be invested in land acquisition when it may be much more urgently needed in other sectors of the economy that await development. Myrdal (1968) stressed that to own land is the highest mark of social esteem specially in more traditional societies.

The interrelationship between urban and rural land and property ownership and management is evident, where rural land is being converted to urban use by an urban population seeking recreation space. "It is necessary to place land policy within the fabric of a human settlement planning context" (Lichfield, 1980). For such a policy to be implemented, he maintains that there is the need for urban land policy measures which can be seen as leading to programmes for the implementation of policy.

Before attempting to identify and assess various policies which have been applied in different countries it is necessary to interpret the term "urban land policy" and to clarify the various definitions which have been associated with this term throughout the world.

2.2 Definition of Urban Land Policy

The term "urban land policy" recently has attracted the attention of many researchers both in literature and practice. The term also has been subject to different definitions and variety of interpretations. Some have defined it narrowly as a means to provide land to the homeless, while others have conceived it broadly as a comprehensive programme for the transformation of the entire urban economic activities. To some other it is associated with urban land reform, a government procedure for controlling urban land. Warriner prefers the meaning of reform; to her, land reform means "distribution of property or rights in land in the interest of low-income population" (Warriner, 1969). Lichfield (1980), argues that none of the foregoing topics has given a definition of the term. He claims that the scope would be more extensive under 'urban land policy' while it would be of limited scope under different topics of land tenure; public land management; and land title. He stated that land policies are initiated and implemented by government, therefore land policy under this definition would cover a set of laws which regulate land-use, land development or land ownership. Lichfield (1980) refers to land policy as a set of instruments and mechanisms for achieving land use planning objectives. To Hicks (1969), "any consideration of a national urban land policy must take into account the greater synchronisation between what land is, how it is used and how both are being redefined." McAuslan (1975), defined urban land policy as government intervention on land. Dunkerly (1983), believes that land policy should

have its goals and objectives to meet the increasing demand of rapid urban expansion. It would be of more importance if the ultimate objective of urban land policy is to influence the way in which land is used as a resource for economic and social activities.

Various definitions of urban land policy as given by different writers above indicate that urban land policy should be able to dictate the future development of an urban settlement in terms of physical planning. Urban land policy in this study is that part of policy which controls ownership of land in the urban areas, in order to curb land speculation; to provide poor families with access to building plots for dwelling construction; and to provide public institutions with urban land for public purposes.

Most of the measures on urban land policy have been introduced to tackle specific problems, and in turn, the solving of the problems will be regarded as the ultimate aim of the measures (Abrams, 1964). In principle, the objectives of urban land policy as a whole must be distinguished from the objectives of a single measure. In the event of the complete absence of overall policy objectives related to land, the objectives of each measure may in the end be regarded collectively as the government intention towards land in urban areas, although it is difficult to decide whether these fragmentary instruments are intended to solve problems, achieve objectives, or both. For example, the eradication of land hoarding may become the central aim of measures on urban land policy.

Sometimes the objectives of urban land policy have been specifically stated and justified, and subsequent enactment activities have been based on these objectives. Laws have been designed to facilitate the implementation of urban land policy, including development planning. This may be illustrated by referring to the British experience in this respect. The Labour Party made its intentions on land clear when it introduced the White Paper in 1974, which contained an explicit statement on the state intentions regarding land, and it aimed:

1. To enable the community to control the development of land in accordance with its needs and priorities.
2. To return to the community the increase in the value of land.

The Community Land Act of 1975 was designed specially to facilitate the implementation of these intentions (Cullingworth, 1988: 187).

Charles Abrams (1964), listed 27 different and individual aims that the land policy might seek to achieve. The shape of objectives and content of urban land policy may be influenced by ideologies and conceptions of government (Abrams, 1964: 267).

From the proposals made by an ad hoc group of experts on housing and urban development (Ekistics, 1967), one can underline several main objectives, with regard to land policy, these are:

1. Provide land for housing at reasonable price.
2. Provide land for public use.
3. Prevent undesirable land speculation and hoarding.
4. Recoup increment for public benefit.
5. Recapture the rise in land value as a result of public services and improvement.

Accordingly, several measures were proposed to achieve these ends. Making land available, eradicating land speculation and recouping the unearned increment have been the overriding objectives of urban land policy in many countries outside the communist orbit. Neutze noted three objectives of urban land market policy to reduce land and house prices, to divert additional resources into the public sector and to facilitate effective urban planning", (Neutze, 1973: 443).

For the developing countries, the UNs' work on urban land policy set out several objectives which were included in the report in the International Seminar on Urban Land Policies and Land Use Control Measures as follows: "Urban land policies were deemed necessary to avoid segregation of population; to ensure an adequate supply of land for all future urban development needs; to capture for the public benefits and values resulting from urban development; to reduce the cost of providing urban infrastructure and public facilities, especially in

developing countries; and to protect the health and safety of the urban population" (UN, 1971: 56-7).

The curbing of land speculation and providing urban land for housing has been emphasised in literature as an essential step in proper urban land policy, particularly in development and planning. In this respect several measures have been introduced and implemented all over the world. The measures are only part of urban land policy instruments, and therefore, not all urban policy instruments are relevant to speculation and residential land problems.

Within the general spectrum of urban land policy one can sketch in such measures as they are directly or indirectly related to the control of urban land and the problems which have affected the accessibility of urban poor to shelter. From the overall classifications of urban land policy one can point out the measures relevant to the control of urban land for public use in general and their implications for housing low-income families in particular.

2.3 Measures for Urban Land control

It is argued that public control of land has various possibilities, from total control by the state to the classical rights to property. Darin-Drabkin (1977) has identified three different categories of such measures. These are: urban land tenure measures; urban land taxation; and direct government intervention in the land

market. In each of these categories there are several measures which have been implemented in various countries to control urban land markets. The two most important measures which can control ^{the} land market and reduce or eliminate land speculation are: the change in the system of land tenure and government intervention.

2.3.1 Measures to Change the System Of Urban Land Ownership.

Urban land ownership policies can deeply influence the nature and control of urbanization and the allocation of urban land as a resource for economic and social development. While land nationalisation is peculiar to socialist countries, land ceilings are other approaches of restructuring land tenure in capitalist and mixed economy countries. The theory behind land ceiling legislation such as enacted in India, Sri Lanka, Bolivia and recently Iran is that no family is entitled to more land than is needed for its own requirements; excess land must be subject to State ownership.

Limiting ownership of land is thought to be a means to more equitable distribution of land, particularly to the problem of shelter for the low-income groups. The experience of Sri Lanka and India shows that the lack of vigorous implementation of such measures could lead to failure. However, the immediate implementation of the law has been to freeze the land market, thus pushing up prices without any perceptible benefits to low-income groups in the community.

Land ceilings have been the basis of many agricultural land reforms in different parts of the world, mainly in Latin America. It has also been applied in cities where owners kept large tracts of vacant urban land out of the market so as to push up the prices of land for developments. The urban land Ceiling Act in India for instance, specified a maximum of 500^m² of urban land for each nuclear family in Madras. Excess land was subject to public acquisition. The maximum was increased to 2,000 ^m². The implementation of the Act was carried out in 73 towns and cities without reaching its goals. This failure was mainly due to the lack of proper administration in redistributing the excess urban land, which has led to severe urban land shortages. The rapid increase in land prices has defeated the purpose of the Act, and the dwelling construction activities have been paralysed (Bahragua, 1983). Bahragua (1983) believes that the failure in India can be related to the question of scale. Regulation may be more workable in smaller, less populated countries. The literature shows little evidence that this measure per se has curbed speculation even in less populated countries. In Sri Lanka, the Housing Ceiling Act bans any individual from owning more than one dwelling (McAuslan, 1987). Soon after the Act was enacted, all excess dwellings in Colombo became public property, and a high number of tenants were relieved of the burden of paying rent. According to the Nigerian Land-Use Act, any person holding more than 5,000 ^m² of urban land automatically loses all rights to land within the urban areas. In Libya, individuals can own only one plot of urban land, surplus plots had to be turned in and owners

were compensated.

Several endeavours have been made in Latin America to limit urban land holdings. Bolivia and Cuba were the only two precedents in terms of urban reform. In Bolivia a decree was issued in 1954 permitting individuals to own one hectare of urban land, and excess land was subject to expropriation by the municipality. Subdivided expropriated land was sold to workers and middle - class citizens who did not possess sufficient urban land for dwelling construction. From the total population of La Paz city only 5-10 percent were benefited- 3- 4 thousand families. The law was valid only in two cities, the capital and Cochabamba, and its effective life was only two years. Thereafter the urban land market became an open and speculative milieu for financial and capitalist interests (Accosta & Hardoy 1972).

Only Cuba made a serious attempt to eliminate multiple ownership and land speculation. After the revolution of 1959, in contrast to Bolivian experience Cuba has taken several effective measures to control the land. The first law limited the action of speculation and monopolisation of urban and sub urban lands and established the basis for an ordered urban growth. The price of vacant urban lots was frozen at \$4.00 per square meter, and a new concept in relation to the compulsory sale of vacant land was introduced. The second effectively incorporated into the public patrimony one of the natural resources least utilised in spite of its recreational value (Acosta & Hardoy 1972). The 1960 urban reform law, outlawed private

investment in housing for profit and put forth the goal of housing as a free public service rather ^{than} a commodity. Other measures for the solution of housing problems included halting evictions, reducing rents, ending land speculation and initiating self - help and government construction of housing. New measures were introduced in 1984 to respond to the changing realities over ^{the} past two decades. These measures reached ^{their} peak in the comprehensive 1984 Housing Law, which promotes home ownership and greater resident participation in building and maintaining housing (Hamberg, 1986). The Nicaraguan revolution has transformed urban land from a speculative commodity to a social resource by drawing inspiration from ^{the} Cuban experience. The Tenant law of January 1980, reduced all rents, most by half, and further leases set a maximum annual rent of 5 percent of the property's assessed value. Unlike the Cuban urban reform laws, the Nicaraguan measures do not eliminate private rental housing. Cuba's law transformed the monthly rent into payments toward purchase, effecting a forced sale of privately owned rental housing. The Nicaraguan rental law may be seen as national rent control, discouraging speculation in rental housing (Schuman, 1986).

In the Soviet Union, all land was confiscated, and the private property rights in land were abolished. Land in the Soviet Union, is regarded as a national asset and no right can be granted to individuals in land. Land in Soviet Union is only granted under the condition of utilisation and development, and there is no possession of land without utilisation. In principle, land is granted

without charge, and there are no limits for the period of utilisation. The Republic of China appears to have levied a tax on vacant lands. Article 143 of the Constitution of The Republic of China states that, "just as most democracies in the free world, the Republic of China permits the existence of private land ownership, but the government has the power of domain over private land." (Lee, 1978: 2).

2.3.2 Land Taxation Measure

Tax on land is one of the oldest forms of taxation. In most developing countries, property tax on land and building has been applied as a measure of providing financial income for central or local government. In many ways, property taxes are different from land taxes. Nevertheless land taxes are usually based on one of the three criteria: the income that land would bring annually if it were rented; the capital (as opposed to revenue) value of the land as an undeveloped site (unimproved site value); the capital value of both the land and any development on it (improved capital value). Site value taxes have been used as an instrument of urban policy, and the governments were advised by United Nations in 1962 to introduce a special tax on undeveloped land, in order to make land available for development. It may not be possible to acquire all undeveloped plots within built-up areas, or land on the fringe of the city, and therefore a special tax has been imposed to influence land owners to release the required land. Therefore, land taxation was introduced in various countries, and it was emphasised

that: "taxation of land and improvement becomes a part of what has been generally recognised within the field as land policy." (Lichfield, 1979: 111). In Grimes' (1975: 16-20) view, land taxes are essentially aimed at accomplishing three objectives:

1. Provide revenues for general use by national and local government.
2. Underwrite the cost of specific public improvements.
3. Achieve a more suitable distribution of urban real resources.

Not all land taxes are relevant to land speculation and land hoarding. Lichfield & Drabkin (1980: 301) defined the tax on undeveloped plots as " a penal tax, designed to force the use of vacant land in urban areas and therefore deter speculative holding of land from the market". Tax on the withholding of undeveloped land may be regarded as a policy tool that can be used to free the withheld land, and in addition the unearned increment can be recouped.

In most countries, there is no taxation on empty property, as it is thought unreasonable to tax property neither occupied nor producing revenue. Thus the system does not encourage the use of property or the development of land in accordance with urban development plans. In Britain, for example factories lacking roofs are not charged rates; so many owners of idle factories have had the roofs taken off (McAuslan, 1987).

Land speculation can be minimised by direct and well-articulated tax on land that has been left undeveloped, whereas some property tax may encourage land owners to keep their land developed. In Britain the Conservative government proposed to apply such a tax in 1973. A charge of 30% annually would have been levied on properties still undeveloped three or more years after the receipt of planning permission. The intended impact was, of course, to increase the supply of serviced sites (Grimes, 1975).

In the province of Ontario in Canada and the State of Vermont in the U.S.A. taxation schemes have been introduced to curb speculation, and a tax is imposed on gains earned from the short-term holding and sale of land (Brown, 1981).

Taxation of land profits 'betterment levy' is another type of tax and covers the benefits which directly accrue to the property owner, as the result of public investment. The increased value of the property generated by development permission is regarded as betterment. A betterment tax, which "is specifically related to increase in the value of land over a particular time" has been applied in Britain and Australia (Neutze, 1974:232). The Community Land Act of 1975, coupled with the Development Land Tax Act of 1976 in Britain have served to provide 'positive planning' and of 'returning development values to the community' (Cullingworth, 1988).

Neutze (1974) identified two cases whereby this tax had failed to discourage land withholding one is in Britain

and another is New South Wales. He pointed out that "the price of land would increase if the tax gave owners an incentive to hold their land vacant rather than develop it." He then suggested that betterment taxation must be deliberately formulated to avoid giving landlords an incentive to withhold land from development.

Cuba has applied a 3% per a year tax on undeveloped plots, one plot or joint plots with total area of 1,500 m² were exempted for a period of five years. In Japan a heavy land tax was employed to check land speculation.

Taxes encouraging development as termed by Grimes (1975), have been implemented in various countries and the rate varies from country to country, depending on different economic, social, administrative and political factors. These types of land taxes have been implemented for example in Belgium, Chile, Spain, Syria, Iraq, Taiwan and France.

The acceptance of such a tax rests to a large extent on the conception that speculators are responsible for land shortage and rising land prices. Introduction of tax would reduce the returns from speculation. Land taxation has received attention but, as in the case of land-use control, little has been achieved (Clark, 1965; Umeh, 1972).

Many difficulties concerning valuation methods, administration deficiencies and the influence of land owners have inhibited the implementation of such taxes.

Not all countries, however, were successful in the use of land taxation as an effective instrument of urban policy. Many countries have introduced a tax to induce speeding utilisation of urban land. The tax has not succeeded in attaining its objectives, except in few countries, namely UK. The tax measures were vigorously enforced in the Republic of Korea, which resulted in reduction of land supply to the market (Darin-Drabkin 1977). Failure to impose effective taxes on urban fringe land in Taiwan has contributed to the increase of land prices and created difficulties for the appropriate use of much urban land (McAuslan, 1987). Additionally, the inadequate collection of tax on urban land has created problems of insufficient public funds to meet the cost of providing new capital improvements in cities and ^{so} contributed indirectly to the poor physical quality of many urban environments.

Several faults in land taxation have also been reported in the literature; these include, low rates of taxation; lack of regular valuation of cities due to the acute shortage of valuers; corrupt practices which have often resulted in gross undervaluation; the surcharge on undeveloped land in most Third World countries is still insignificant. It has also been noted that the character of the political power structure reflects the spreading ineffectiveness of tax collection, and that landlords, and the urban and military elite are usually able to manipulate the tax to benefit themselves and their supporters at the expense of ^{the} community at large, especially the urban poor.

Housing land policy approaches vary considerably from country to country. Nevertheless, the lure of rising land values and profits, the ideological commitment to private property and uncontrolled market in urban land swamped the good intention of the legislators and reformers and showed that even in a country with supposedly an efficient, comprehensive and uncorrupted bureaucracy, the introduction of equitable urban land policies needs more than a fair land law.

There are many imperfections in the market which prevent land from being allocated efficiently in the short term. To achieve efficiency one would need to remove the imperfections, and to remove imperfections means adjusting the underlying social forces which institutionalise them. In other words a revolutionary change to remove the free market mechanism in the form of total state control. This approach has been questioned mainly on two accounts. Firstly, the introduction of state control would itself mean the institutionalisation of a monopoly and secondly, a public body would be unable to be sufficiently sensitive to the forces at work in the urban land market, by virtue of its complexity. However, an acknowledgement of the severe imperfections of the land market, and the increasing importance of equity as a social goal for many governments, have given rise to government intervention into the market system, in an attempt to reduce the undesirable effects of the free market mechanism.

Although, there is competition and less monopoly control of urban land in capitalist world. In effect the

criticism is that traditional theory fails to analyse many of the social and institutional forces such as unequal income distribution and monopolistic power of private land ownership, which gives rise to urban land use patterns.

^{The}
In Middle East and elsewhere, a basically capitalist urban world is made of a few landlords, is approached by a mass invasion of pre-capitalist and money-less migrants, from the country. In these conditions, ^{The} state should intervene because the market cannot control the urban landlords' power.

2.3.3 State Intervention

State control over land is now universally regarded as a key part of a governments' armoury of controls, both over land and over the economy generally. Lack of access to land by the poor in capitalist economies and in Third World countries has changed the people's attitude towards capitalism. Abrams argues that, "private ownership of land, previously affirmed as a natural right, began to be considered a new type of robbery, and a capitalist thought of as an exploiter", (Abrams, 1967). Even Karl Marx (1967), whose target was the industrialist rather than the landlord, thought the latter the worse culprit, since he just sat on his land and made no contribution to wealth at all. The unacceptable face of the capitalist economies is in the maldistribution of products i.e. low-income people influenced by the private owners and ultimately divorced from land, (Lichfield, 1980). In Bombay for instance, large private gardens and clubs with extensive open

grounds limit the amount of living space in favour of exclusive upper income land use. One family alone owns 2,000 hectares of vacant land, enough land to house most of the city's slums, shanty town and pavement dwellers-estimated at more than three millions (Harries, 1978).

Massey and Catalano (1978) argue that the spread of the capitalist market economy has replaced old, limited land rights systems by virtually unlimited rights. They state that, as rights to land became more absolute and parcels of land became more freely marketable commodities, the limitation of rights to land ownership has become more desirable. Therefore, the situation of monopoly privileges of ^{the} capitalist system exert pressure on the public authorities to control the land market. These constraints have forced public authorities of nations to find a way of ensuring that urban land is used in the general interest of the community. Land demand for public use is the main motive for such involvement.

Public ownership of urban land became a core of attention to many revolutionary governments in which land reform or land nationalisation were regarded as a basic step towards equitable distribution of wealth. Moreover, as observed by Drabkin and Darin (1980), the produced value of urban land is the resultant of society planning decision on raw land.

Turner (1967), has recommended greater intervention by the state, maintaining that land must be subject to state control if it is not to be exploited by private interest.

McAuslan (1980), claims there is a general consensus that societies which have prompted government intervention have not discovered so far the best way of associating social justice and efficiency in production. Most sociologists accept that this market failure needs to be moderated by the government intervention.

Several measures of intervention in the land market, especially those that influence speculative withholding of land, directly and indirectly had to be adopted by government. These include dictating norms to limit speculation, or creating a public body to enter the land market directly. Dictating norms consists of the general direction and controlling of development through the use of plans, zoning schemes and sector plans. These provisions are generally provided as part of a planning Act whose implementation is in the hands of a public body, such as Ministry of Town and Country Planning. The direct Public intervention is made up of land acquisition by public authorities to further planning objectives. Such objectives include the supply of building land to the market, planned development schemes, short term development such as housing and long term schemes such as recreational schemes. The measures to make these controls are necessary, and as observed by Hardoy ^{φ Acosta} (1976) are of an economic and political nature. To them if the state only regulates the use and not the value of the urban and suburban land, it is not able to impede speculation. They concluded that the constitutional precepts should have immediate application in drawing up a land policy and to serve as the basis for urban development. Direct

intervention in the land market stems from the need to rectify the imbalance between supply and demand in the market. Not all views, however, support public control of urban land.

2.4 The Control of Urban land.

Having reviewed all possible measures for controlling land in urban areas, then the question of, who should control the land becomes inevitable. A brief review of the arguments in this controversy will provide a relevant setting for this study.

The opposing views are distinct, with respect to the system of control and management of land; the first is the "market" view, which espouses a non- public interference policy in urban land questions and little or no planning control. To this group, economic forces (perfect market mechanism) should be left to allocate land to its "best" uses, "best use" here meaning the most profitable use. And the second advocates the total nationalisation or complete public ownership of urban land and the enforcement of stricter planning controls.

According to the traditional economists' view the price of land is determined by the demand for it, and that the price which people bid serves to allocate land to its most productive uses and serves also as an incentive to further supply, high land prices are caused by high demands for it or its services and its limited supply, not by speculators' profits as advocates of public intervention

and ownership of urban land have argued (Walters, 1974). Siegan (1972) for example, argues that the market works better in the absence of government controls. He does not view zoning as a necessary means to maintain or protect property values, or to aid planning. On the contrary, he believes , that zoning has adverse effects on both public and private sectors, and the private sector is much more likely to utilise the land to provide better for the environmental and material needs of people (Siegan 1972). Public control and management of urban land imposes a double cost in terms of money: The administrative cost of management and control, and the economic cost of distortion; yet the objectives of such public involvement are seldom achieved. They reject the conclusion that the solution is yet more government controls and management. The "solution lies in fewer controls and fewer public interventions, and in the more sophisticated use of market systems to facilitate the harmonisation of supply and demand." (Walters, 1974). They argue that public land ownership and management simply puts power into the hands of a few in a manner "which towers above the petty powers of individual land owners" (Ibid, 1974). The state as landlord, they claim, allows no alternative.

The theory behind the public ownership of land is that it will transfer the undeniable benefit of ownership of land from the hands of individual capitalists to the community as a whole. It is further argued that public ownership of urban land would secure consistency and continuity in forming and executing a national policy with respect to the use and development of land (Buchanan,

1972). The advocates of public ownership insist that exclusive or even primary reliance on the private market mechanisms always exacerbate a number of social problems. Firstly, they argue that accessibility to land is not neutral, and therefore it favours those who enter the marketplace with more money. This leads to the exclusion of the poor from the market, and consequently results in a society increasingly segregated along economic lines. Secondly, the allocation of the land according to the taste of the market tends to neglect broader desirable societal objectives which have no money values placed on them, but which nevertheless are very vital for the peace and stability of the society.

Various UN conferences have supported and advanced the public ownership and management of land. They point out that private land ownership is a principal instrument of accumulation of wealth, and therefore contributes to social injustice; and that if unchecked, private land ownership may constitute a major obstacle in the planning and implementation of development schemes. To the UN experts, public ownership or effective control of land in the public interest is the single most important means of improving the capacity of human settlements to absorb changes and movements in population modifying their internal structure and achieving a more equitable distribution of benefits of development, whilst assuring that environmental impacts are considered (UN, 1976).

Whether these supposed advantages are, or can be, realised in practical terms is far from certain. It would

seem from their arguments, however, that proponents of public ownership and management imply that the state and its personification constitute the plenitude of virtues, the repository of social justice and fairness, which presumably would blindly and selflessly give every man and woman his or her due. They also tend to imply the public ownership and management are always better than the system it seeks to replace.

Nevertheless, there is a gap between the accepted principles of land policy and the means of implementation of these principles, between the expressed principles of programme and actual programme. Consequently, neither public nor market mode of land control have solved the problems arising from conception over land management. In both societies some people continue to grow wealthy through their control of land, while lack of land helps to keep others poor. Land nationalisation in Yugoslavia for instance, has reportedly eliminated urban land speculation. But a recent study of planning in Slovenia revealed two distinct markets for housing land. In the unorganised market, land prices were rising at a rate of 20-25 percent a year. Urban centres experiencing land shortage and illegal houses were common. The price of land in the illegal home building area sold much cheaper than the land on which home building was authorised by the land-use plan (Mardelkar, 1981). Another example is Poland, in which expropriated owners could build themselves a second home (additional to the home, given by the state), with the amount of compensation (McAuslan, 1987). These facts have caused a shift in policy of many

capitalist and communist countries.

Unlike capitalist society, communist countries adopted absolute public or state ownership. Still it is believed that even full state ownership of land would not change the fundamental nature of the definition of land property. In this regard there are many examples of regressive social and economic effects of public ownership. For instance, during the last decade the Soviet authorities have embarked on a programme of selling government-owned apartments to tenants, assisted by the provision of very low interest mortgage finance (Turnbull, 1983). Turnbull argues that the alternative public ownership introduces gross inefficiencies as neither the tenants nor the landlords have sufficient incentive to maintain and improve the housing stock. Moreover, without private ownership there is no incentive for individuals to contribute either their funds or labour to improve the value of their properties. Also, he maintains that any system for owning land and housing must mobilise 'sweat equity' this is not only the most universal and efficient means of creating or enhancing the housing stock, but it also creates the most satisfying shelter for the consumer (Turnbull, 1983). As already pointed out, in East Europe many of the centrally planned economies still have a great deal of private owned urban and rural land.

It is more likely that the most desirable and acceptable position cannot lie wholly and exclusively with only one of these polar opposites. Both are merely possibilities among a range of measures, from which to construct

appropriate land policies to support economic and social development programmes.

Either view tends to emphasise its respective strengths and advantages, without as much discussion or acknowledgement of their respective weaknesses or disadvantages. Important questions are of distributional equity and social justice, and implications for general income distribution, structure and social peace are either ignored, treated with levity, or taken for granted by either of the two views. While the case for some public involvement in urban land management could be made on grounds of the negative externalities (both physical and social) and outcomes of the free and private market, or decision making, proponents of public involvement would seem to be too optimistic in taking the human element for granted. The State (public) after all is personified by fallible human beings, who could conceivably exercise public authority in such a perverse manner that the resulting outcome could prove as undesirable as or even more than the outcome of "private" land market that it ^{has} ~~is~~ sought to remedy. In other words, management skill and competence, integrity and administrative efficiency on the part of public administrators- qualities that essentially determine the success of any policy or enterprise, may be assumed but not found.

From what has been experienced in developing countries, it can be sustained that being extremist to Right or Left (private or public), controversy tends to become simplistic and perhaps irrelevant. The relevant question

then become not necessarily whether land is privately or publicly owned per se, but rather that of how the given policy or management system is applied and with what effects, outcomes or consequences for the various groups affected and for the general public good. In any case, solutions to the problem of land and housing may have to vary from context to context, taking social, cultural, economic and political environment into consideration. These environmental factors may have not been taken into account in Muslim countries, since all the emphasis and pressure for reform in urban land tenure involve adopting, modernising and localising ex-colonial law rather than reverting to Islamic Law. The Islamic Law, as claimed by Muslims, potentially has its place particularly in terms of property ownership, though there is no empirical study to demonstrate this feasibility hitherto. In an Islamic state like Iran, it is considered that the adoption, rather than abolition, of Islamic land tenure may be of more help to the urban poor. It is under this basis that the urban land policy in Iran is evaluated.

2.5 Conclusion.

Urbanisation is a problem in the world today and seems likely to increase. With its emerging problems, most national and urban governments are under pressure to accept the large and growing proportion of the urban poor and to help them find shelter suitable to their immediate needs and which they can afford.

A closer examination has shown that acute housing

problems stem from the fact that public resources have not been equally distributed among the population, and indeed, the unbalanced composition of the population has ~~been~~ aggravated rather than aided, by the implementation of urban land and housing programmes. In other words, short-sighted policies have led to wasted opportunities, distorted priorities and misallocation of funds and resources.

To make land available at cheap prices for the urban resident to enable him to provide himself with shelter, the private land market must be entered into by the state. The state intervention is therefore based in a search for both social justice in the distribution and greater economic and efficiency in the use of resources. Intervention consequently takes place in nearly all world economies, but their approaches to the above goals vary radically. In capitalist oriented societies intervention has taken the form of a physical planning system aimed at supplementing or modifying the market. In the socialist oriented economies, on the other hand, public intervention has replaced the market. The Iranian society is a mixed economy and so public intervention has been described in the context of an Islamic economy where both public and private ownership of land prevail.

Above all, it is important that policy-makers bear in mind that the success of any given land ownership system will be measured first, by how far it enables the economically disadvantaged urban resident to provide himself with accommodation. The reform measures suggested

should satisfy this criterion, but its success will depend upon the development of a satisfactory machinery for implementing and monitoring it, rather than the system of ownership and control per se.

The second criterion is that the system should be able to provide a satisfactory level of security for the community. This is a more complex issue, as it involves the balance between the need for security and the need for freedom. A system that provides a high level of security but at the same time restricts freedom is not a satisfactory one. The system should be able to provide a level of security that is acceptable to the community, while at the same time allowing for a degree of freedom. This is a difficult balance to strike, but it is one that must be achieved if the system is to be successful. The system should be able to provide a level of security that is acceptable to the community, while at the same time allowing for a degree of freedom. This is a difficult balance to strike, but it is one that must be achieved if the system is to be successful.

The third criterion is that the system should be able to provide a satisfactory level of economic development. This is a more complex issue, as it involves the balance between the need for economic development and the need for social justice. A system that provides a high level of economic development but at the same time restricts social justice is not a satisfactory one. The system should be able to provide a level of economic development that is acceptable to the community, while at the same time allowing for a degree of social justice. This is a difficult balance to strike, but it is one that must be achieved if the system is to be successful.

CHAPTER THREE

FOUNDATION OF THE ISLAMIC ECONOMY

3.1 Introduction

In recent years, the world has witnessed active movement in the Islamic world; political, social and economic. On these aspects Muslims proclaimed that a socio-economic system, based on the principles of the Islamic law, is feasible. To practise what they preach, Muslims have decided to put the system into effect. The establishment of Islamic social and economic institutions such as Islamic banking and establishment of an Islamic State in Iran are major landmarks in this movement. It is not the subject of this study to investigate, how the system works, nor how the Islamic socio-economic system fares as compared to other socio-economic models in detail. But it is important, as emphasised in this study, to find out as to how the Islamic system has solved urban problems such as land management and housing shortage in the urbanisation process.

We now make an examination of the degree of applicability of Islamic principles on urban management patterns. The Islamic faith is considered to be a basis for the initiation of the current urban land policy in Iran. To assess this, it is necessary to be conversant with the existing Islamic philosophy, as practised in Iran, and its implication for property ownership within

which these policies have been initiated and pursued.

3.2 Different Islamic Schools of Thought.

The main basis of all Islamic ideology is the 'Sharia', which is Islamic law historically derived from the Qur-an (the Holy Book) and the Sunna (tradition). The Qur-an as the pivot of Islamic ideology, is the main source of the 'Sharia'. The principles of the law in the Qur-an are interpreted and amplified in the Hadith (traditions, sayings of the prophet), which together constitute the second basic source of the Sharia. The literature of the Ahadith (plural of Hadith), is extensive, the more important and reliable elements of which are known as Sehaḥ - al - Set- the six reliable sources. Among these, the Bukhari by Mohammad Ismail al-Bukhari holds first place.

The interpretation of the Qur-an and the Hadith by different Islamic scholars has resulted in the creation of five distinct schools of thought. They are: The Hanafi; Maliki; Ash-shafii; Hanbaly and Jafari (Shiia). Each of these schools tends to predominate in a different region of the Muslim world. The Shiia school which dominates Iran is not in line with the other four schools' teaching, especially in terms of the political concepts that will be discussed in this chapter. However, not all sources of the above-mentioned schools are accepted by the Shiia sect. Rather they have eight reliable sources of which the *Usul-al-Kafi* by Kollaini is the more important.

3.3 Concept and Basis of Islamic Economy.

The Islamic economy in general is deemed by Muslim economists as being founded on ethical values. In their views, ethical values are not treated as exogenous, as they are treated in conventional economics (Naqavi, 1981). Quranic verses that deal with economic issues are intermingled with those that deal with ethics and morals. So are the Traditions. Ethics and Islamic norms are a set of axioms upon which the philosophy of Islamic economics is established, leaving no question as to what comes first or what dominates what: ethics or economics, (Al-Ashkar, 1987). Naqavi (1981), argues that Islamic ethical principles not only determine individual choice and collective choice, but also provide a principle of integrating the two. The primary function of Islam is to guide human development on correct lines and in the right direction. It deals with all aspects of economic development and never in a form divorced from this perspective (Kahf, 1978). This is why the focus, even in the economic sector, is on human development with the result that economic development is considered an integrated and indivisible element of the moral and socio-economic development of human society.

Universal principles found in Ahadith (the sayings of the prophet), include the maxim that there is no legal validity in any action that brings injury to oneself or others, which does not protect a person from injury and does not prohibit him from causing damage to his neighbour, to society, or to creation as a whole. This is

an intrinsic part of the religion, since it claims to improve the system of life as a whole, boost the spiritual development of individuals and rectify the socio-economic structure of society by promoting social justice. It could be said that Islam has carried the seeds of the spirit of capitalism since its early days, (Al-Ashkar, 1987). The recognition of profit*, the encouragement of the creation of wealth, the respect for free enterprise, the organisation of legal and financial matters and the high regard given to private ownership are some major characteristics accepted in the Quran and the Traditions, (Ahmad, 1980).

Almubarak (1974) views "production and profit (in an Islamic system), not as ends but means. The moving force of current systems is profit, but in the Islamic system it is human welfare" (Al-Mubarak, 1974). Islam has thus a set of goals and values encompassing all aspects of human life including the social, economic and political. Since all aspects of life are interdependent and the Islamic way of life is a whole, its goals and values in one field determine the goals and values in the other fields as well. This is a holistic view of society, economy and government.

3.4 Market Structure in Islam.

Free competition is a fundamental feature of the Islamic market structure. Various sayings from the Traditions emphasise that prices of goods and commodities should be determined by market forces, demand and supply. *Profit, as opposed to 'Riba' (interest), is not a predetermined rate of return on capital.

All forms of monopolistic power, hoarding of wealth and mobile assets are condemned, (Al-Sadr, 1968).

The state of laissez-faire is not advocated in Islamic market structure. However, the general view is that whenever the market is stable, market forces should be allowed to play their roles fully. But when the market suffers from lack of stability such as when land speculation arises for example, the state should intervene in market operations. The involvement of the government in the market is not considered occasional nor temporary. The Islamic economic system views, government as co-existing in the market together with other economic actors on a permanent and stable basis. It is seen as planner, supervisor and producer as well as consumer (Kahf, 1978).

3.5 Ownership in Islam.

Property can be owned privately but it is considered as a trust from God and to be acquired and spent in accordance with the terms of that trust (Naqavi, 1981). Contrary to what is socially believed, absolute ownership by man is not a concept alien to Islam, as all land is believed to belong to Allah alone. There are definite obligations towards others attending upon the individual rights of ownership, and public ownership is a central concept in Islam (Al-Sadr, 1968).

3.5.1 The Ownership and Control of the Means of Production.

At a deeper philosophical level, the question of the ownership of the means of production in any society is related to its general attitude towards the institution of private property. Under communism all means of production, distribution and exchange are owned by the community collectively, usually, through the State. Conversely, laissez-faire capitalism, which accepts the individual's right to property as an article of faith, also allows production revenues to be owned privately. To focus more on the main features of the Islamic economic system it may be useful to compare it with the other existing economic systems, viz, capitalism and socialism. However, of the several factors that can be used to differentiate between various economic systems, the ownership of means of production and the role of the state in the economy are two major ones.

Muslim scholars are not in full agreement as to what the "means of production" are. Some go along with neo-classical theory and classify these as land, labour capital and organisation. Others reduced the means to three: elements of nature, good work (which include labour and organisation), and capital which is viewed as resulting from human labour or elements of nature (Abu-Saud, 1967). The third group views the means as wealth, which includes land and capital, and labour, which includes organisation (Al-naggar, 1973). This divergence of views arises from differences of opinion as

to the weight given to 'man' as a means of production. However, all Muslim scholars agree on the belief that man is the centre of the universe for whose benefit God has provided goods on earth (Al-Ashkar, 1987).

According to Islamic law, Allah is the ultimate owner of all things, and human beings must manage them in accordance with the will of their Sustainer for the greatest good to all his creatures. Human beings enjoy His beneficial interest in the property with which they are entrusted. The rights of men and women to private property are established to safeguard the individual's full freedom for creative, beneficial use of property, and it cannot be revoked by anyone in authority except for a clear public need and for prompt and just compensation, or in a clear case of misuse or mistreatment. The maximisation of utilisation of economic resources and the minimisation of the distribution gap in society are the two suggested objectives for Islamic economic development (Ahmad 1979). It is the responsibility of the state to carry out the task of implementing a balanced strategy towards the relation of these objectives and to ensure that the means exist to achieve these objectives (Ahmad 1979). It should be noted in this connection that the Quranic verses, " whatever is in the heavens and whatever is in the earth belongs to Allah", (2:284), does not necessarily dictate complete state control of all means of production, for according to the Islamic philosophy, man, in his individual capacity, is God's trustee on earth.

The State is empowered under Islamic law to take and

sell property which has been misused to cause injury. According to the principle that "the repelling of evil takes precedence over the acquisition of benefits", an industry causing injury by pollution could be closed in spite of the economic loss. Consequently, things that do not have any advantages and do not help to improve human beings are not goods according to Islamic concept, nor can they be considered as the property or assets of Muslims. Things such as alcoholic beverages or pork and its products are not the object of the right of ownership and cannot be transacted in the Islamic economy, (Kahaf, 1978).

3.5.2 The Ownership of Land in Islam.

According to the general rule of Islam's philosophy, ownership of land in Islam is related to the Islamic view of the position of man in the universe. Man is not a mere component of God's creation, he is the centre of the universe and God's vice-regent on earth. As such, he is the pivot upon which all elements of creation revolve (Quran 2:50, 31:20). Beside the 'individual' man, Islamic teachings also stress the concept of 'collective' man. The concept emanates from the principle of the responsibility assumed by man toward the community. The dual characteristic of man shapes the type and the dimension of land ownership in Islamic society and outlines the role of the state in the economy. Basically, there are two types of land ownership in Islamic system: a) private ownership and b) public ownership.

a) Private Ownership

Private ownership of land is highly regarded in Islamic teaching. Private ownership which includes the ownership of means of production, is not absolute. However, Man owns property as a trustee to God which introduces two main principles regarding private ownership. First, ownership is not to be abused, but should be used for the welfare of the society causing no harm nor injury. This principle is not confined to an action that may cause harm to society; it also includes any action that might result in foregoing benefits to the society. Society, represented by the state, has the right, therefore, to step in to rectify the situation. For example, neglecting cultivable land impedes economic development and if it is neglected for more than three years, the Islamic state has the right to expropriate it and give it to somebody else who can look after it (Sahih Muslim¹⁹⁷⁶). What is said by the Prophet about neglecting cultivable land has also been applied to neglecting urban land and means of production in general, (Al-Sadr, 1968). Obviously these principles have direct application in the matter of urban land dealt with in this dissertation.

Second, the right to private land ownership is a limited right, limited to the life of the owner. The owner does not have discretion, beyond one third of his wealth, as to how his wealth is distributed after his death. The exercise of private ownership is, however, circumscribed by the greater needs of the community, and the individual is emphatically forbidden to use his

property in ways resulting in net harm to society. The rights of ownership are thus, limited by similar rights of others and by the public interest. Ownership ceases if the welfare of the community demands or if the need of another individual reaches extreme necessity (Chapra, 1980). Also the owner does not have an absolute right of disposal over his property.

b) Public Ownership

The question of the private land ownership and the limits of the authority of the Islamic state over land has always been one of the most important topics of Islamic law. Most lands within the Muslim territories were regarded by the majority of Islamic legal scholars as the Muslim common estate or state domain. Those who held such lands were regarded as tenants. Tenants of the common and state lands paid a land tax known as 'Kharaj'. The rate of this tax at one time exceeded half of the tenants' income. In the case of 'Kharaj' land, the state had full authority to take it from a holder and give it to another (Al-Sader 1969). Unfortunately some unjust rulers sometimes used it as an excuse to confiscate people's land.

The idea of common ownership of land and the state's authority over land is favoured by contemporary scholars. The scholars under the pressure of popularity of socialist thought, have tried to establish common ground between Islam and socialism. This may emanate from the legal ground that such an approach provides to limit land

ownership; and the warrant it gives to the government to confiscate land and distribute it among the needy. The same idea is supported by a group of contemporary Shiia jurists on the basis of the Islamic principle of the topic of 'Anfal'. According to Shiia law, land conquered by war belongs to the Muslim community, i.e. to all Muslims in the past, present and future. All lands of this category are left to the discretionary authority of the Islamic government who will give them to farmers by mutual agreements in return for a regular payment of fixed amount or a share of the crop. A similar practice is followed in the case of state domain known in Shiia law as 'Anfal' which includes all non-used natural resources including 'Mavat' (dead lands) (Modarrassi 1987).

Both types of ownership are equally important and they participate in economic activities on an equal footing, even if they are of different sizes. The government may expand public ownership in one society or another, or vice versa, but the fact remains that both kinds of ownership have, or should have equal opportunities in the economy. Public ownership in Islamic thought not only includes features which are formally known as public utilities, such as roads and rivers, but, in addition, what is known in the Islamic literature as "the publicly-shared sources of utility". This position originated in the stand of the prophet, when he refused to admit any private ownership of such sources (Ahmed, 1983). Ahmed (1983) points out that Islamic law does not permit the degree of collectivization or regulation by the state found in contemporary communist regimes.

3.6 Islamic State and its Difference from other Nation States.

Government, from the viewpoint of Islam, is not a product of any class position or the supremacy of an individual or group. Rather, it is the crystallisation of the political ideas of a people of the same religion, and through which they are organised, so that in the process they change their thoughts and beliefs. It opens the way towards the final goals, moving towards God, (Ahmad, K. 1979).

The central point about the current situation in predominantly Muslim areas of the world today is simply that the Muslim world is divided into countries and states. This is in total contrast with the Muslim empire of the early Islamic societies. Siddiqui (1980), views Muslim nation-states however, as essentially no different from all other nation-states. He claims that few of the states, if any, admit moral values, except as slogans. He adds, "some like Pakistan, even fly a flag of convenience and call themselves 'Islamic Republic'. The fact, however, is that all nation-states are the product of western civilisation and its period of colonial dominance. Their purposes, structures and behaviour patterns are all alike whether the nation-state happens to be in Europe (its mother continent), or in Africa, Asia or America. The countries are Muslim but their political structure - the nation state- is non- Muslim" (Siddiqui, 1980).

The idea of state in Islam is fundamentally different

from the idea of the modern nation-state (Iqbal, 1971). To Siddiqui (1980), the two states have nothing in common. He argues that, while Islam brings the state into existence as an instrument of divine purpose, the nation state comes into existence for precisely the opposite reason: to dismiss God and to replace Him with the "national-interest" as determined by human reason (Siddiqui, 1980). "The nation-state, itself does not recognise any moral values, except those of the profane world. Such values are neither immutable nor universal. They are different from nation-state to nation-state and in the same nation-state different values are often used in different situations depending on the 'national-interest' involved in each situation. Not surprisingly, therefore, international relations between nation-states represents a struggle for power, by means of power, for the sake of more power", (Hans J. Morgenthau, 1948). Siddiqui claims that the Islamic Republic of Iran is the single Islamic State in the world.

3.6.1 The role of the Islamic State.

In Islam, economics is a means, a means of achievement of nothing other than more efficiency in reaching an objective. On the basis of this view, the economic programme of the Islamic government is to prepare the ground for the emergence of different human creative forces. It is the responsibility of the Islamic government, therefore, to provide equal and suitable possibilities, to create work for all human beings and to satisfy the essential needs towards the continuation of

their evolution.

God has provided all necessary resources for his material well-being. Says the Qur-an: "He it is Who has created for you everything on earth" (2:29) and "has made subservient to you whatever is in the heavens and the earth and granted you His bounties, manifested and hidden" (31:20, 4:32-3, 16:12-14, 22:65 and 45:12). Chapra (1980) has derived two fundamental principles from the above-mentioned verses. One, that God-given resources are for "you", which is addressed to all people and not to any privileged group or class; and two, that they are meant for general human welfare, and at least, for eradicating poverty and fulfilling the basic material needs including comfortable housing for all people. The fulfilment of these needs of individuals and society would naturally necessitate the playing of vital role by the state in the economic system of Islam.

The role of the state in an Islamic society emanates from its political role, which is organised in the Sharia (Islamic law). The authority of the state is derived from the concept of man's viceregency of God on earth, while its responsibility is to safeguard the community religiously, politically and economically. The state may adopt all available resources to implement its policies within the framework of Islamic law. The Islamic law organises, among other things, the relationship between the state and individuals.

The role of the government in an Islamic state, in

relation to social welfare, is of special importance in the market mechanism. Social insurance in Islam is based on two things: government mutual responsibility with society and the claim of the public upon government revenues. This general mutual responsibility is one of the duties imposed on Muslims and they should fulfil it within the limits of their capacities. The government's guarantee of a minimum standard of living stems from the fact that it acts as an agent of the public and it is authorised to collect enough funds through Al-Zakat (alms giving), to finance this guarantee. The second basis for social insurance, namely the rights of the public over government revenues, is a direct one. It imposes a direct duty on the state toward individuals which implies not only the guarantee of a minimum subsistence, but an adequate level of living as compared with the general level prevailing in the society.

The State is viewed by Islam as an instrument for the realisation of the ultimate goals, both spiritual and material, of the Islamic society. However, the authority exercised by the state is not absolute. It is a trust from God and is to be exercised in accordance with the terms of trust. Two of the most important terms of this trust are that the state should be democratic and welfare oriented, (Ahmad, 1980).

One principle, clearly recognised by all jurists, is that the state has no right to acquire resources by the confiscation of property duly possessed by individuals and groups. However, if income or property has been

wrongfully acquired, then the State not only has the right to confiscate it, but it is its moral responsibility to rectify this state of affairs (Iqbal, 1971). The above discussion indicates that the Islamic state is essentially a welfare state and is duty-bound to play an important role in the economy for the fulfilment of the goals of the Sharia (Islamic Law) in the Economy. All these various considerations make the Islamic state different from both the communist and the capitalist systems. If Islam accepts neither capitalism nor communism, the question posed now is, "what is its attitude towards welfare state doctrine, which seeks to strike a balance between the two capitalist and communist systems"? Muslim scholars found that the basic social attitudes of Islamic and (welfare state), systems is so similar, that if one was constrained to choose from among the economic systems that already exist, then a welfare state would almost certainly be picked out by Muslim policy-makers as the next best economic institution (Naqavi 1981: 112). While the similarities between the two systems are quite fundamental, no less basic are the dissimilarities which distinguish the one from the other. Islam's originality lies in making ethics the point of departure of its view on economics. By contrast, the welfare state ethics which are by and large secular, do not aim at a 'vertical' integration of man's materialistic and spiritual aspirations. In the Scandinavian countries for instance, there has been a long tradition of combining individual freedom with social responsibility, by insisting on a socialistic economic programme along with political democracy. The results have been highly satisfactory, in

terms of both a moderate economic growth and an egalitarian income distribution. However, due to the absence of appropriate ethical props, this system is reported as "labouring under the crushing weight of moral turpitude" (Naqavi, 1981). Naqavi (1981) believes that, once this central feature of Islamic economics (ethics) is clearly grasped, there is no possibility of confusing it with other systems of economy. the Islamic welfare state hence neither capitalist nor socialist. It is "based on its own values and guided by its own goals. It has its own identity and bears no resemblance to any other form of state." (Chapra, 1980).

3.6.2 Islamic State and Income Distribution.

On the distribution side of the economy, Islam is in favour of equitable distribution rather than equal distribution (Al-Ashkar, 1987). Islam recognises differences between individuals and their skill and capacity to produce income. As such, Islam recognises the inequality of income that results from these differences and does not advocate a flat-equal distribution of income. "He it is who hath placed you a viceroy of the earth and hath exalted some of you in rank above others, that He may try you by (the test), that which He hath given you" (Quran, 61: 165). According to Islamic teaching Muslims are ordained to give from their surplus to those who are in need of it. Offerings made by the rich to the poor are not considered an act of charity, they are the poor's rights to the wealth of the rich, (Quran, 51:19).

However, Muslims believe that economic growth in an Islamic economy cannot be a pretext for exaggerating inequalities in the distribution of income or for adding to human misery by imposing economic or political servitude on the common man.

3.6.3 The Motive of Islamic State Intervention in the Market.

State intervention in the market, in an Islamic state, is directed primarily at reconciling the possible social conflicts between man's ethical and economic behaviours, which will guide the society gently along the road to human freedom and dignity, rather than onto the "road to serfdom" (Naqavi, 1981). In the light of this concept state intervention takes four types of action:

- (i) Ensuring compliance with the Islamic code of conduct by individuals through education.
- (ii) Maintaining healthy conditions in the market to ensure its proper functioning.
- (iii) Modifying the allocation of resources and distribution of income affected by the market disorder, by guiding and regulating it as well as direct intervention and participation in the process.
- (iv) Taking positive steps in the field of production and capital formation to accelerate growth and ensure social justice.

Besides enforcing the relevant laws the state guarantees social security, ensuring fulfilment of the needs of each individual, and maintains a balance in the standards of living in the society. Other motives for government intervention in the market^{are} the setting of standards and provision of incentives, favouring the most beneficial land-use and the best management techniques so as to realise the betterment of society (Ahmad, 1980).

The extraction of every particle of usefulness from the entire universe is an ideological objective of Islamic society. The Islamic state approaches these goals by two means: ethical teaching and legislation. The legislative means taken by Islam to promote productivity and discourage idleness or non-utilisation of resources will become clear in a summary of eleven out of twenty clauses given by Al-Sadr as examples (Al-Sadr, 1968).

(1) The government will take land away from the private owner if he does not till it and abstains from utilisation. The state will not pay any compensation and will dispose of the land to the best of its use.

(2) Acquisition of ownerless land does not establish the right to ownership of it. Colonisation of land is a source of ownership in Islam under four conditions: (i) Non-existence of any previous claim of ownership; (ii) Continuous productive use of it; (iii) The absence of others' labour even if it is paid for in the process of utilisation; and (iv) The non-violation of the principle of equal opportunity.

(3) No privately owned natural resources are to be left

unused. Non-use of them leads to the invalidation of the private claim on them.

(4) Public land may be given to private bodies only in accordance with their capacity of utilisation.

(5) All kinds of non productive intermediary activities are prohibited, such as leasing a piece of land at a certain rate and renting it at a higher rate.

(6) Hoarding of land is discouraged by the imposition of a yearly tax on it.

(7) Speculation is restricted and mere speculative transactions in both the finance market and the commodity market are prohibited.

(8) There should be social insurance in relation to both the guaranteed standard of living and the guaranteed payment of debts.

(9) The state has a leading role to play in production in relation to planning and public enterprise.

(10) The state is allowed to obtain resources and redistribute them in order to maximise the realisation of the normative objectives of society.

(11) The state enters the field of economic activity as the central planner and supervisor.

3.7 The Structure of the Islamic Republic of Iran.

The Iranian nation under the leadership of Imam Khomeini in 1979, shed alien socio-economic concepts in order to be able to return to a traditional mode of thinking and world view of Islam. They believe that they are building an exemplary society (Oswah) on the basis of this foundation.

The Islamic Republic of Iran is deeply rooted in the Islamic Shia tradition. Shia Muslims believe in twelve Imams after the prophet. Of these, the last one Imam Mohammad al-Mehdi, is believed to be in Ghayba (occultation), since 874. During the Ghayba of the Imam, the believer has either to be a Mujtahid (independent in interpreting the Islamic Law), or Muqallid (follow a Mujtahid). This tradition has regarded all political authorities as illegitimate, particularly monarchical, royal authority. In their particular belief in the absence of the Imam all authority is illegitimate by definition, and this led the Shia Ulama (scholars) to insist on the constitutional reforms that were known as the Constitutional Revolution in the early part of the century from 1906-1911 (Siddiqi, 1973).

The basic attempt in an Islamic state such as Iran is not to legitimise the system, but to minimise the degree of illegitimacy of the political system. Legitimacy being impossible in the absence of the twelfth Imam, the attempt was a constitutional means of keeping the degree of illegitimacy within acceptable limits.

By contrast, Sunni political thought for the greater part of history, in its classical formulation, as put forward by Al-Mavardi, was that the existing political order should not be disputed or challenged on condition that the Sultan (king) performed the Friday prayer and implemented a basic minimum of the Shariah (Islamic norms) regulations.

In the light of Shiia concepts, Iran's government has some similarities and some differences with other republics of the world, as far as its form and structure are concerned. Government is organised in three powers of Legislative, Executive and Judicial. In this it is similar to many other governments. It is different from other governments in that there are some organisations in addition to the three powers which supervise the functioning of these three powers. These other organisations are The Guardian Council of the Constitution, the Supreme Judicial Council and the Leadership of Valayat-e-Faghih.

The "Guardian Council of the Constitution" which is composed of six Faqihs (top scholars) and six lawyers was established to supervise the acts of the Parliament (Majlis: the Islamic Consultative Assembly), and to guarantee its accordance with the Islamic precepts and laws, and the Constitution. This Council is, in fact, the highest authority in the country that decides on acts and laws passed within the Islamic Republic of Iran.

Some of the duties of the Guardian Council of the Constitution are the interpretation of the Constitution, supervision of presidential elections, and the elections of the deputies to the Islamic Consultative Assembly (Majlis), and the approval of the competence of the presidential candidates.

The Constitution provided for a council called the Supreme Judicial Council which is the highest judicial

rank and is responsible for the preparation of the Judicial Organisations according to Islamic precepts. This Council consists of five members, all of whom should be just Mujahids (top scholars). Two of them, the chief of the Supreme Council and the prosecutor general of the country are chosen by the Leader or the Leading Council. The other three are elected by the judges. So the Supreme Judicial Council is considered as the best and most trustworthy authority to control the Judicial system of Iran and transform it into a purely Islamic system. The Leader or the Vali-e- Faqih is the one who supervises and correlates government policies with divine decrees and Islamic precepts. In this way, he is responsible for this concordance before both God and the people. Vali-e-Faqih is someone who is trusted by the people, and secondly, is completely familiar with the divine decrees and the fundamentals of Islam to the level of Ijtihad (independent judgment in legal and theological questions).

It is argued that the ideology of the Islamic Republic of Iran, apart from overall Islamic principles, was influenced in terms of economic principles by the three major works: "Islam va Malekyat, (Islam and Property)" by Mahmud Taleghani; "Iqtisadona (Our Economy)" by Muhammad Baghir Al-Sadr and "Iqtisade-Towhidi, (The Economics of Divine Harmony)" by Abolhasan Bani-Sadr, (Katuzian, 1985).

Despite differences in methods and emphasis, the three authors have three objectives in common. First, they demonstrate that Islam has its own economic philosophy and

its own answer to contemporary economic problems. Second, all three authors sought to depict Islam as a religion committed to social justice and the equitable distribution of wealth. They attempt to use Islam as an instrument for social and economic reform, and to suggest that Islam also could serve as a vehicle for social transformation. Third, they tried to prove that the economic system and doctrines they were advancing could be derived systematically and in a manner acceptable to Islamic justice, from the Quran and the authoritative text on Islamic jurisprudence, (Al-Sadr, 1969; Bani-Sadr, A. 1978; Taleghani, M. 1965). A major move towards implementing such Islamic concepts in Iran came with the declaration of the Iranian government in 1979, that they aimed to convert the whole economic system into an Islamic economy. Various steps were taken in order to "Islamise" all aspects of Iranian life including the economic system.

The Islamic Republic of Iran asserts that its continuation is based on the Islamic system of economy and represent the "government of God". The Constitution devotes several sections to the economic affairs of the country. However, in chapter 3 of the Constitution, where articles of the economic programme are described, there are few hints about the economic objectives. In explaining the meaning of independence, the programme describes its policy as "terminating all subsequent imperialist relationshipto present economic dependency; exercising national sovereignty over all natural resources and national wealth; withdrawing from a mono-cultural economy and budget which relies only on oil as a source of

revenue.... nationalising foreign trade.... giving priority to agriculture; and revitalising national industries, (Constitution of I.R.I, 1979). At the same time the programme emphasises that "independence from and hostility against imperialism does not mean enmity towards industrial countries in their historical, economic, technical and cultural totality". Also of interest is the fact that "the government accepts domestic investment, as well as private and personal property, provided that they do not develop boundless dimensions, dependent and comprador tendencies, and do not paralyse the socio-economic growth of the society. ..Unchecked liberalism by giving ground to compradorism leads to a new politico-economic dependency" (Ibid, 1979).

This is, in fact where the government programme falls into a trap. After private ownership of factors of production is allowed, it becomes quite difficult to implement policies which keep this ownership within restricted dimensions. This dichotomy is generally observed in Islamic *economists'* views of the economic system. They are usually bound to respect private ownership and at the same time are motivated to contend against "the exploitation of man by man". This philosophy then leads to contradictory policies, adding to instabilities of the economic system.

The revolution in Iran for example, came to power with the above discussed ideological basis. But like many if not most LDC countries in the 1950s, 1960s and early 1970s, Iran adopted strategies of massive government

intervention often by nationalisation, which resulted in considerable disruption and to far-reaching changes in the structure of Iran's economy. The revolutionary government in Iran took over large sectors of the economy through nationalisation and expropriation, including banking, insurance, major industry, large-scale agriculture and construction. The economic role of the state was swollen and led to the reduction of the role of private sector. These developments occurred as a result of ideological misinterpretation, pressure from the people, the momentum of the revolution, internal disorder and foreign war, which are believed to be contrary to the Islamic law of property.

The prohibition of Riba (interest), in Islam has led to nationalisation of the banking system in Iran. Twenty-seven privately owned banks, thirteen of them joint ventures with minority foreign share holdings, were affected. The then prime minister and director of the Plan and Budget Organisation (PBO), described the nationalisation as a first step toward creating a banking system in keeping with the Islamic ban on interest. The nationalised banks were subsequently merged with government-owned banks to create four specialised banking entities in the fields of commerce, agriculture, industries, and mines, and housing and construction.

The revolutionary government was also hard pressed to provide housing for the urban poor. Many of those who had marched against the Shah were drawn from the badly housed population of the large urban centres. In the immediate

post revolutionary period, housing problems quickly mounted. Rural migrants poured into urban centres, believing that at the dawn of the revolutionary era Islamic government would freely distribute land and housing to the deprived and deserving classes.

As a summary, the Islamic economic system is often presented as an alternative line of thought in the attempt to understand man and his relationship with things. Its proponents believe that the Islamic approach is more moral in its points of departure and more pragmatic in its application. The defenders of the Islamic alternative have condemned other major economic systems, namely communism and capitalism, as extremist and hence biased in their solutions. Owing to the one-sidedness of these two systems, the proponents of the Islamic solution predict that they will come closer and closer to each other and will meet midway at a point which is that of the Islamic solution.

In fact, the Muslim nation has been characterised in the Holy Quran as the people of the middle. "We have appointed you a middle nation ...", (2:143)- that is a nation which avoids extremes. Islam is not a mean between communism and capitalism, but it is symptomatic of a general philosophy which abhors un-natural extremist behaviour at individual and collective levels.

Islam, unlike capitalism, controls the freedom of individuals to own land not through the mechanisms of the market but through ethics on utilisation (Naqavi, 1981).

Therefore, any change towards more equal distribution of wealth including land ownership which comprise fulfilment of: the needs of individuals - more people to have access to land; and the most beneficial land-use would be considered progress in the sense of social equity (Taleghani, 1965). It will thus be important to find out as to how this Islamic philosophy has fared practically in its income distribution policies, specially in the land and housing distribution. It will be of particular interest to find out whether this distribution has been able to reach the majority in need for shelter, especially the poor.

CHAPTER FOUR

METHODOLOGY

4.1 Introduction

The problem of this research study is founded on the fact that there is an acute housing shortage in developing countries and particularly in the major urban areas of Iran such as Ahwaz. Such acute housing problems are caused mainly by the absence of appropriate urban land policy and management, which restricts accessibility to urban land for housing by low-income families. To be effective, urban land policy must be relevant to the needs of the poor, and should evolve over time in response to changing requirements and circumstances of cities and their poor inhabitants. Urban land policy must be properly monitored, as meaningful policy changes can be made only on the basis of reliable information. Feedback from field experience can be used to gauge the effectiveness of housing land policy in achieving their objectives. This study, in responding to these problems, seeks to provide the necessary information by evaluating the recent urban land policy in Ahwaz (Iran). The findings of this study might give administrators, and policy-makers a clear understanding of the problems of low-income groups, and the policy limitations (as discussed in Chapters 6, 7, and 8,)), which can be reviewed and modified where necessary.

The finite nature of land coupled with current

urbanisation phenomenon produces a situation where different groups are often competing for land acquisition, and for different land-use. Urban land policy evaluation, then, consists of an assessment of the ability of a given policy in meeting these needs within the current social, economic, political and cultural context.

4.2 Source of Data

Data used in this study are based on both primary and secondary sources. The primary sources of information included survey data from the beneficiaries of the ULO's land and housing programme. A set of interviews with government officials included a member of the Board of Directors of the Urban Land Organisation (ULO) for Iran, ULO employees, planners in national and local agencies and the Mayor of Ahwaz.

The secondary sources included official publications, national censuses and institutional reports. A standard set of historical and quantitative information for Ahwaz on land acquisition and distribution was obtained from the ULO in Ahwaz. Other information was obtained from other institutions which deal with housing construction such as the Housing Foundation, the Housing and Urban Development office in Ahwaz. These provided information on the number of plots and dwelling units distributed by these institutions. Information about Ahwaz's city limits, zones and their land use and land ownership patterns was obtained from the land and property office in Ahwaz. Some information on the conditions of the beneficiaries'

residential areas, is based on observations by author.

4.3 Sampling Framework

A master list enumerating all the plots and districts and the number of heads of household who obtained their land through two different types of land allocation (individual and cooperative), was obtained from the ULO office in Ahwaz. According to this, there were roughly 11,000 households who acquired land for dwelling construction from the state since 1979. Six hundred (6%) households (300 individuals and 300 cooperatives), were systematically selected from the list choosing every 18th entry. The third type of ULO activity was the allocation of completed dwellings to those who are on the waiting list for land. This had only 200 beneficiaries, and 100 of them (50%) was selected randomly from the list. Thus the total survey sample was 700 households (See Appendix IV).

4.4 Structure of the Questionnaire

The questionnaire sought information on the demographic and socio-economic characteristics of the households. These would define what type of people benefit from ULO's schemes, and whether the actual distribution or allocation goes strictly to the intended beneficiary group.

The second set of questions dealt with dwelling construction and the related problems experienced by the beneficiaries. These include state provision of housing components, the amount of building materials and the time

required to obtain them, availability of services and their accessibility to them, and finance.

The third set of questions dealt with the beneficiaries' attitudes towards: a) their dwellings' characteristics, in terms of size, privacy, density and location; b) the state's policy for implementation, community services at the site and the extent to which the respondents made use of them; how the move to a new site affected the household and its members (socially, economically, and culturally); aspects of construction and credit; views on the quality of housing provided and the general assessment of available community services.

4.5 Data Collection

The survey itself was carried out between Feb. 10th and May 3rd, 1987. Research assistants were used to assist in filling in the questionnaire. The city's areas were divided into three sections, a team of four was assigned to carry out the survey. Three members of the team were responsible for the neighbourhoods of these sections. The fourth member conducted official interviews and data collection from government offices.

Most of the interviews were done on the first contact without any advance appointment. All interviews were conducted in either Persian or Arabic. To avoid any suspicions of being mistaken for a government agent, the interviewers were instructed to introduce themselves as a student of Ahwaz University and had their I.D. cards with

them.

A majority of the sample especially in the poorly serviced areas presumed that the investigation was intended to provide them with infrastructure, community services or other benefits which they desired. This attitude provided possible insights into the socio-economic conditions of the household.

4.6 Data Analysis

It was found difficult to apply rigorous methods such as Cost Benefit Analysis, "Planning balance sheet analysis" (Lichfield, 1964), or Goal Achievement Matrix (Morris, 1968), in the analysis.

Cost Benefit Analysis was found more suitable for ranking or comparing alternative courses of action designed to attain roughly the same ends rather than for testing the absolute desirability of a course of action. In this study, only one alternative action was measured. Beside this, given the nature of data available, not much emphasis is given to measure the exact financial costs which have been incurred nor the monetary returns to be accrued. Rather, an attempt is made to measure how the different socio-economic groups of people have benefited from a given policy- housing.

Even modified variants of Cost - Benefit methods by Lichfield (1956), such as the Balance Sheet of Development that attempts to value those elements which can be priced,

and to measure either in non-monetary terms or qualitatively what can not in fact be priced, is more appropriate to ex-ante analysis rather than, after the policy results. It is a technique whereby benefits and costs measure all the "good" and "bad" consequences of alternative courses of action relating to a range of objectives. Besides the other limitations of this technique, its application to this particular study is also limited as again we have only one alternative course of action in achieving the desired policy. As with the Cost Benefit Analysis the data available can not be used for such measurements.

The Goal Achievement Matrix (Morris, 1968), is another method of cost-benefit analysis whereby the achievement of any objective of the established goals or policy can be measured directly from the costs and benefits identified and presented in a matrix table. This method can not be applied in this study as it demands the objectives to be defined operationally as far as possible. The objectives evaluated in this study have not been defined in this way. Moreover, all these three methods of evaluating policies are unsuitable for this study as they focus on the costs and benefits of implementing certain policies or objectives. They do not specifically lend themselves to identifying the relationship and differences between the different socio-economic groups of the society in question, rather to the benefits accrued.

The interest in this study is not only to identify the benefits of the policy, but also the groups of people

who have benefited and to what extent. Also, all these techniques of evaluation are designed primarily for the comparison and ranking of an alternative project rather than for testing their absolute desirability. In this study interest is directed into testing absolute desirability of the policy in terms of meeting the stated objectives. Taking all these factors into account the cost-benefit approach does not fit properly in this study.

The success or failure of an urban land policy can be measured by various indicators. The choice of indicators of policies in developing countries is, however, strongly limited, due to the lack of data availability. Taking all listed below factors into account, it is apparent that we have to search for other approaches if we are to achieve a more profound understanding of the contents and the results of an urban land policy as applied to urban areas.

Given the significance of urban land and considering the rationale for public involvement in its control and management, an appropriate set of expectations against which to gauge the performance and effectiveness of a public urban land policy would include such measures as efficiency in land-use (the process of minimising waste (of land) and cost in land development); equity (extent to which the given policy generally makes urban land and housing available to those most in need of it); and impact (the difference that the policy makes in the resolution of the existing urban land and housing problems).

The most important issues in urban land management

appear to be simple extensions of these three concepts of efficiency, impact and equity. A system of control and management (be it public or private), however, ought not be judged on the basis of a single criterion to the exclusion of others (even though some criteria are more important than others). Furthermore, poor performance by one mode or system with respect to any one criterion has to be weighted against the potential of alternative modes or systems to perform better under the same criterion. In general, however, these three criteria are the measures against which effectiveness and desirability of public urban land management should be evaluated. An attempt was also made to measure how the method of dwelling construction and condition of housing has been improved in terms of the dwelling's physical characteristics including building materials, density, privacy, infrastructure such as water and electricity.

Access to urban land for housing was measured by first comparing how the different socio-economic groups fared in obtaining such land. The other aspects of the land acquired were considered in relation to the location of plots obtained by different groups and availability of services, price paid by each group, the time it took for each group to obtain that particular land (from the first contact they made with ULO), for construction as well as the qualifications for getting the land.

Access to credit was measured by finding out their source of finance for purchasing land, as well as for constructing the houses, and by calculating what

percentage of the total costs of a dwelling construction was ensured by loans. An examination was made of the conditions necessary for qualifying for credit, the terms and interest rates. The correlation between variables such as income, occupation, and age, and accessibility to loan were identified.

The relationship between accessibility to housing facilities, available community services and the beneficiaries' socio-economic characteristics such as income, education and occupation was established.

4.7 Limitation of the Study

Originally I intended to concentrate a substantial part of my research on the study of archival materials. However, the Urban Land Organisation in Ahwaz refused to give me any access to the archive materials, as they regarded them as confidential. Consequently this study is based on data collected in the study area, in addition to other published government documents and accessible files.

I began this study during the ruthless war between Iran and Iraq. Although I expected many difficulties in the early stages, I continued and tried to overcome the difficulties. Work was started at a time when access to documents and data were almost impossible. People did not feel like talking to anybody. The survey was carried out under even more difficult conditions due to the outbreak of missile attacks on cities. Among the roar of machine guns and missiles and frightened people I did not know

whether I could get hold of sufficient data. The purpose of this statement is not purely to acknowledge the problems of the people. The purpose, here is to explain the situation which existed at the time of preparing this study. As soon as the survey started, however, I realised that people were more anxious to contribute than it was expected.

Nevertheless, social and cultural characteristics such as individual's privacy, the generosity and warmth which are inherent in the people of the study area imposed further limitation on data collection. These characteristics should not be taken for granted, especially when it comes to personal matters. For example, the social tradition and customs of the people in that area prevent interviewing a female, neither is it socially accepted to call on a household when the head (man), is away. Thus the suitable time to visit was between 6-9 p.m. every day, as the heads of household were likely to be at home after they had finished their work. Whatever methods were used in securing the willingness of the subject, there is still the issue of suspicion and trust on the part of the subject which may introduce various sorts of bias. To overcome such bias the researcher sought the help of several mediators or third party personnel, in order to develop rapport, and thereby gain initial acceptance from informants. These mediators, who facilitate arranging meetings, include relatives of the subject, close friends in many cases the chief of the tribe (shaykh).

CHAPTER FIVE

ECONOMIC DEVELOPMENT AND NATIONAL POLICY IN IRAN

5.1 Introduction

This chapter aims at establishing the general context of land policy approaches to housing and services development in Iran. An evaluation of land policy measures aimed at general development or at residential development in particular must therefore be undertaken in the context of the institutional characteristics of Iranian society. Moreover, analysis must take account of a long time span as a consequence of the dynamic interdependence between physical development and socio-economic and cultural processes in a view of the widely held opinion that the physical development of a city is "the most enduring artifact with which man has to deal." (Lichfield & Drabkin, 1980: 103).

This will be pursued by providing firstly a description of the historical economic development and strategies of the pre-revolutionary government which manifest themselves in the present housing problems, as a result of the role which private land ownership has played in the Iranian housing development. This section is followed by a description of the revolutionary government's economic development strategies, socio-economic and political conditions in which the current policy was formulated and implemented. Finally, having provided a general context, the Iranian national settlement development policy is

described.

5.2 Background to the Economy.

The economy of Iran, had been based on agriculture since its early history. Agrarian activities, although backward, had been able to satisfy domestic needs and to export a surplus (Table V-1). The first major change to this structure came as a result of exploitation of natural resources other than land and water, namely, minerals and mainly oil. Oil, though not very significant initially, has played such a critical role in the modern era of the economy that Iran may be said to have a dual economy. The country's economy at present, as it was during the pre-revolutionary government, is based mainly on oil revenues, which led it towards industrialisation.

Table V-1

GNP in Iran (in Billions Rials)

Sector	1959-1960	1962-1963	1968-1969	1971-1972	1974-1975
Agriculture	85	97	140	172	305
Industry	45	58	130	205	464
Services	108	130	242	375	826
<u>Oil</u>	<u>28</u>	<u>38</u>	<u>83</u>	<u>180</u>	<u>1635</u>

Source: Bank Markazi, National Income of Iran, selected years.

Iran was experiencing a transitional period in its economic life in the seventies. Nevertheless, thanks to the richness of its natural resources, Iran is one of the

rare countries which has the potentiality of reaching a stage of self-sufficiency in agricultural products- the prime aim of the new government. In spite of such an idealistic goal, which is rather hypothetical in the context of Iranian contemporary economics, the rate of use of natural resources is not enough to sustain continued growth in the absence of proper management, sufficient qualified manpower and a peaceful political background. With the increases in oil revenues, the previous regime directed its development strategy towards industrialisation. This destroyed the old and vital agricultural sector in favour of industry, which moreover was urban based.

Prior to the late 1940s there hardly existed any planning or well-defined development policy. Policy makers were less interested in regional development per se. Public investments or expenditures were largely, if not totally, distributed on an ad hoc basis and on sectoral lines among a few provinces. A disproportionate share always went to Tehran in particular. Development funds were largely invested in the military, infrastructure and import - substitution industries primarily located in large urban centres. These policies continued and were indeed accentuated during the first three Development Plans (1949-1954; 1955-1962; 1963-1967). A few changes were introduced however, including the creation of several Regional Development Authorities in a few provinces, including Khuzistan, which was by far the most important and effective one. These authorities were primarily devoted to large-scale agriculture/ irrigation/

electricity generation projects. The Third Plan witnessed the creation of provincial planning offices, agricultural growth poles and industrial growth centres in different provinces. On balance, the first three plans neglected the provision of social services, development of rural areas and assistance to subsistence agriculture (thus undermining the least developed provinces), while paying disproportionate attention to urban centred industrialisation, infrastructural development, and urban expansion. As the income from agricultural production was no longer attractive, much agricultural land adjacent to city boundaries was subdivided and transferred to urban use. Land and property however, remained as an important measuring stick of social status in Iranian society. These continued to be attractive forms of investment in urban and rural areas.

The increasing development gap among the regions in general and between rural and urban areas in particular, and its perceived political consequences, forced the government to pay more attention to balanced regional development. The new policy was reflected in the Fourth and Fifth Plans (1968-1972; 1973-1978). the Fourth Plan in particular introduced a series of administrative changes at regional level aimed at the decentralisation of certain development functions. The creation of town/ county/ provincial councils and of provincial Plan and Budget Bureaux were the most significant among such initiatives. However, alongside these policies, the government continued to focus on development and the expansion of large - scale agricultural and industrial

growth centres in more developed and resource - rich provinces. New agricultural and industrial centres were largely concentrated in Tehran, Esfahan, Khuzistan and Fars provinces (Fig. V-1). The Fifth Plan (1973-1978) was even more conscious of the problem of regional disparities, particularly in social conditions (Amirahmadi, 1989). Emphasis was thus shifted to the provision of social services including employment. Moreover, the policies designed to benefit the least developed areas remained comparatively marginal, while growth and capital-oriented policies continued to favour areas where conditions for profitable investment and rapid growth were higher (Amirahmadi & Atash, 1987).

The government's policies encouraged urban-based economic activities at the expense of rural activities, which has resulted in rural degradation. However, urban development did not allow the country to keep pace with the rapidly rising demand for food. As a result, the value of agricultural production rose steadily though less rapidly than the other sectors. The slow rate of growth of agricultural production has frequently been cited as evidence of the dualistic nature of the Iranian economy. Critics cite the large amounts of planned expenditure on agriculture, ranging from 5.7 to 47.3 million rials for the period of 1949-1967, (Table V-2), and lament the sluggish increase in production of only three percent which is frequently compared with industry's average growth rate of 11 percent (Amozgar, 1970). Such criticism however, fails to note that the bulk of the government's agricultural investment was allocated to a

few capital- intensive large scale- projects which in the event did not result in the expected improvement in yields.

Table V-2
The Development Plans' Allocation of Funds
(in million rials)

	Agriculture/Irrigation	Industry
First Plan	5.7	4.1
(1949-1955)	(40.4% of total)	(29.1% of total)
Second Plan	17.4	7.0
(1956-1962)	(20.9% of total)	(8.4% of total)
Third Plan	47.3	17.1
(1963-1967)	(23.1% of total)	(8.4% of total)
Fourth Plan	41.2	113.1
(1968-1972)	(8.1% of total)	(22.3% of total)
Fifth Plan	30.9	84.0
<u>(1973-1978)</u>	<u>(6.6% of total)</u>	<u>(18% of total)</u>

Source: Bank Markazi Annual Reports.

The Fourth Development Plan unlike the preceding plans, had laid a set of economic development patterns that were to a large extent responsible for the economic trends that emerged later on. The sectoral imbalances of economic growth, the widening urban-rural gap, the increasing involvement of the government in investment and in production of goods and services, the growing dependence on foreign imports, and the deterioration of balance of payments were all a part of these development

patterns.

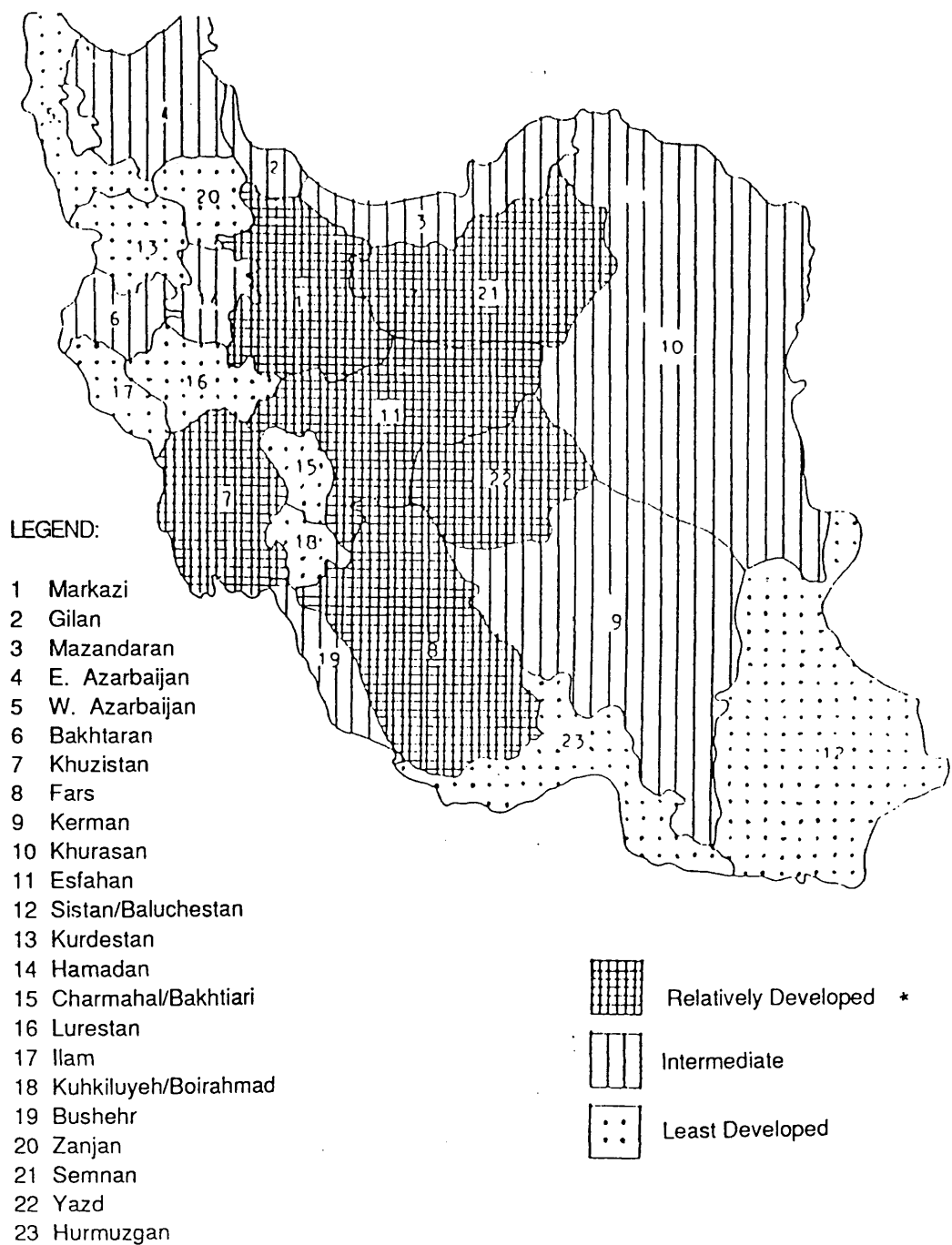
As Table V.2 shows, the primary development objectives of the development plans (Four-Five), were rapid industrialisation and the development of the country's infrastructure. Agriculture was by and large ignored. The control of food prices in urban areas- made possible by the food imports and government sponsored food subsidies were undoubtedly responsible for the low growth rate of the agriculture sector (Majd, 1991). One of the consequences of the depression of agriculture was rapid rural-urban migration. Thus by the final years of the Fourth Development Plan, Iran had turned into a consumption-oriented, largely urban society with an explosive deficit in the balance of payments (Katouzian, 1981).

The pre-revolutionary government's failure to fill effectively the organisational and physical vacuum created by the half-hearted removal of landlords during the Iranian land reform of 1963- and its neglect of agricultural investment left many disenchanted and disappointed peasants with little option but to look for work in the fast growing industrial centres (Lahsaiezadeh, 1989). It was reported that 5 million people migrated to urban areas in the period of 1966-1976 (Afshar, 1985). The volume of migration and natural increase of the urban population, resulted in rapid urbanisation which rose very sharply from 31.98 percent in 1956 to 46.72 percent in 1976 (National Census, 1976). Furthermore, most of the discontented migrants, reacting to the pull of the high

and rising demand for labour, particularly for unskilled construction workers in urban centres, eventually found their way into the large overcrowded cities as Tehran, Esfahan, Ahwaz and Tabriz, thereby intensifying the already acute problems of housing, traffic, and water shortage in these centres. Finally, contrary to the regime's highly publicised objective of greater social and economic equity embodied in the Shah's social reforms of the early 1960s, regional development disparity still prevailed. It gradually became clear that the benefit of industrialisation and agrarian land reform did not "trickle down" at a satisfactory rate, and income distribution both in urban and rural areas became increasingly unequal over the post-1963 period.

The disparities of development in Iran are well defined by Amirahmadi and Atash (1987), who classified the provinces of Iran, based on the level of development, into three categories: "relatively developed"; "intermediate developed"; and "least developed" provinces (Fig. V-I). In h analysis they found the relatively developed provinces together accounted for 32 percent of the national land and 42 percent of the nation's population. This proportion was 43 percent and 41 percent for intermediate and 26 percent and 17 percent for least developed provinces. Thus, over 83 percent of the Iranian population live in "relatively developed" and "intermediate developed" provinces with 75 percent of the land area. A correlation exists between the level of urbanisation and population density, on one hand, and the level of development on the other. The "relatively -

Fig. V-1
 Development Disparities Among Iranian Provinces, 1976



*For Details on Measurement of Disparities, See: Amirahmadi and Atash, 1987.

developed" provinces have the highest percentage of their population living in urban areas, about 57 percent as compared with 35 percent for the "intermediate", 28 percent for the least developed provinces, and 47 percent for national as a whole (Table V-3).

Table V-3
General Characteristics of the Three Categories of Iranian
Provinces 1976.

Characteristics	Iran	Relatively Developed	Intermediate Developed	Least Develop.
Area (% of nation)	100.0	31.7	42.8	25.5
Population (% of nation)	100.0	41.5	41.4	17.1
Density (per s. mil.)	20.5	26.8	19.7	13.6
<u>Urbanisation(%)</u>	<u>47.1</u>	<u>66.9</u>	<u>35.1</u>	<u>27.8</u>

Source: Amirahmadi and Atash, 1987.

Nevertheless, the period 1963 and 1973 was a decade of rapid economic growth, which led to expanding job and education opportunities, improved standards of housing and rising patterns of consumption. More Iranians were able to meet their basic needs but the benefits of the economic boom were not evenly distributed. Housing conditions in large urban centres deteriorated for the lower-income groups. However, as long as the majority had a chance to improve their condition at a reasonable pace, these problems did not seem likely to generate insuperable

political problems. It was the explosion in oil prices in 1974 (following the oil embargo of Arab countries), that severely dislocated both economic and social life. Virtually overnight, Iran's oil revenues quadrupled, from under \$5 billion to nearly \$20 billion a year. The Shah believed that this money would enable him at last to carry the country to his long promised "Great Civilisation", and within a decade, turn Iran into one of the world's five leading industrial countries. He plunged into a reckless spending programme, investing in an assembly plant system rather than heavy industry.

Generally speaking, assembly plants are established close to cities in order to economise transportation and distribution costs. Thus, financial and administrative establishments like banks, insurance companies, custom duties and so on, which are the most needed by these plants, are located in the cities. As a result in most of the big cities of Iran, like Ahwaz, there are numbers of rural migrants demanding job and housing, which put more pressure on ^{an} already acute housing market.

The results were predictable; the economy overheated, the prices of housing, food, and basic necessities soared. Rural migrants drained the countryside of agricultural labour and swelled the shanty towns and urban slums of the large cities. Bottlenecks developed in all sectors of the economy. Ships waited months for their turn to unload cargo at Iranian ports. The shortage of skilled labour necessitated the bringing in of tens of thousands of foreign workers. There were massive electricity shortages.

Iranians remarked that the power failures and blackouts marked the arrival of the so-called "Great Civilisation" (Graham, 1978).

When the country was at the gate of the so-called 'Great Civilisation' the share of all (including rural and traditional) manufacturing in non-oil GDP was 20 percent, while the share of services was 56 percent. Yet urban transport everywhere, and especially in Tehran, was very poor. Housing conditions, except for the state clientele and trading community, were also very poor. Most towns and cities, including Tehran lacked a workable sewerage system. What took place in Iran was neither social and economic development, nor modernisation, but as stated by Katouzian (1981) "pseudo-modernism fuelled by the oil revenues". Likewise, the structural changes of the economy were due not to urbanisation, but to "urbanism", (Katouzian 1981: 196).

Moreover, although real income for workers and the white collar salaried employees steadily improved in the 1963-73 period, after 1974 resentment was intensified by the widening gap in incomes, by the ability of the privileged few to make fortunes by dealing in urban land, scarce commodities and goods, and through commissions on large government contracts. The purchase of a house was suddenly beyond the reach of low and middle-class families. The pressure of frustrated aspirations triggered the political crisis that led to the Iranian Revolution of 1979.

5.3 Pre-revolution Housing Policy in Iran

The rapid urban and population growth increased the demand for land and housing. A greater state intervention emerged in response, and government power was extended through the preparation of Master Plans. In the Third Development Plan (1962-1968), a high council for city planning was established to oversee the preparation and to grant final approval of Master Plans. The expansion of the Iranian economy in the seventies largely affected the cities. This is why the necessity for planning is felt with particular acuteness in Iran. By mean of planning they can overcome their difficulties and realise their full potential. Otherwise, it is absolutely true, as John Galbraith states, "the country which does not have goals, and programme for reaching these goals, is commonly assumed to be going nowhere" (Galbraith, 1962:36).

The influx of rural migrants and the increased purchasing power of the urban families created a great demand for housing, and this was therefore followed by a high rise in the cost of land and housing. During 1976-77, the average price of housing in urban areas increased by 33.9 percent. Shortage of building materials especially cement and brick, a scarcity of manpower and a 39.4 percent rise in wages, contributed to a 46.9 percent increase in housing costs (Iran Almanac, 1977).

In the course of the Fourth Development Plan (1968- 1972), the private sector should have had a decisive role in the construction of residential units.

Although the total investments of the government and private sector in housing construction were more than the anticipated figures of the plan, the greater part of the total investment was spent in construction of luxury and expensive houses rather than construction of housing units for poor and homeless people (Keyhan- International, 1974:3).

The anticipation of credits for new governmental buildings in the Fourth Development Plan was 13.8 billion rials. From this amount, about 13.1 billion rials was invested in constructing the required buildings of military, prisons, detention barracks and Savak (secret police), houses. From the remaining credits, 2.3 million rials was allocated for construction of Gendarmerie and Police headquarters (PBO, 1968: 226-227).

In the Fifth Development Plan (1973-1978), 64 billion rials was anticipated for the construction of housing units for the three military forces in addition to meet the needs of Gendarmerie, Police and Savak headquarters. This amount for public infrastructure and housing throughout the country was only 60 billion rials (Keyhan I. 1974: 7).

Problems arising from increased land speculation and the rising cost of land, necessitated new policy measures in the Fifth Development Plan (1973-1978). These were in the form of taxation and regulations preventing the subdivision of plots. In addition to these measures, the Land Speculation Act in 1974 was introduced to impose a

limitation on the number of transactions on a certain plot. The Act maintained that any plot of land could be sold once, and that the purchaser should develop the land within three years. But this and other measures were not effective and speculation continued by simply not registering the transaction. The regulations, however, did not include large tracts of land acquired for the implementation of housing projects. The legal basis for such acquisition was also extracted from the Islamic Law of property ownership. The Law maintain that lands not utilised for three years automatically becomes state property.

A new department of Land Organisation was established by the Ministry of Housing and Urban Development. The task for this department was to acquire compulsorily non-utilised lands. This measure was intended to facilitate the provision of low-cost housing for civil servants and low-income families. Unfortunately, the Organisation could not take over the lands as it was confronted by many obstacles, such as landowners' influence.

The government pledged to make a major new effort in housing. It was seen as an essential part of the transformation of Iran and a significant element in satisfying socio-economic aspirations brought about by the country's increased oil revenues. Accordingly government credits to housing were raised by 129 percent and accounted for 17 percent of total allocations for the social affairs (PBO, Fifth plan, 1973). The Plan proposed 810,000 new units in urban areas and a further 240,000 in

rural areas; the bulk to be built by the private sector. This target was based on a 1972 survey showing the urban areas to be at least 1.1 million units short. However, the intention and the outcome were two separate things. Throughout the 5 years of the Fourth plan, a total of 290,000 units were built and at no time had the rate of annual construction topped 100,000 units - despite a major building boom. Even the original Fifth Plan target of 630,000 units was considered ^{un}reasonably ambitious (ILO 1973).

In 1973 housing construction in the private sector was speeding up, and reached the annual rate of 14 percent. This implies that apart from the socio-economic factors affecting the housing sector, the housing construction rate was higher than the annual housing need of 5.6 percent (4.4% population growth and 1.2% run - down dwellings). This could reduce the gap between the supply and demand for housing and even bring it to an end. This trend was interrupted by the government as they assumed that a large-scale housing programme was only possible if the government imposed a temporary ban on issuing construction permits. This ban lasted from April 1973 through to January 1974, first in Tehran and then other cities. The ban was lifted, not because the shortage had eased but as a result of pressure from builders and property speculators who were being squeezed by banks. The Bank Markazi, reviewing the year ending March 1974, reported: the implementation of certain government construction projects of high priority necessitated the transfer of a greater part of construction activities to

the government sector. This meant that the private sector had to rely on its wits and the black market. By the last year of the revised Plan, in 1977, housing construction within the private sector had built less than 90,000 units in urban areas. The Bank's report reveals that despite the increase of 14 percent in dwelling construction, and 5.6 percent increase in demand for housing, the ratio between dwellings' and families had declined steadily between 1973 and 1977. In 1978, the ratio between dwelling units and the number of households shows growth owing to social unrest and the government inability to control the building standards (Table V-4), such as minimum lot size, durable materials, damp course and proper foundations.

Table V-4
The Number of Dwelling Units
per 1,000 Families in Iran
(1973-1978)

1973	1974	1975	1976	1977	1978
<u>759</u>	<u>752</u>	<u>746</u>	<u>728</u>	<u>711</u>	<u>716</u>

Source: Bank-e Markazi Iran 1979.

In many aspects the approach to the problem of housing by pre-revolutionary government was reactionary and improvised. Policies that anticipated problems were not adopted. The government reacted to problems only when they became overwhelming and crippling. As a result, measures were in many respects, not comprehensive, uncoordinated, misdirected and poorly executed. Hence the problem got worse instead of improving. In a period of five years (1974-1979) the housing cost rate had increased by 124 percent while the rate of rent doubled.

The rapid increase in housing expenditure resulted in more pressure on low-income families which have to spend more than 30 percent of their income for this purpose. Table V-5 and V-6 demonstrate the housing deficit, density and tenure of housing in Iran.

Table V-5
Housing Situation in Iran
1976

Area	population	number of households	number of dwellings	housing deficit
Urban	15,854,680	3,265,524	2,377,586	887,938
Rural	17,854,064	3,446,104	2,927,952	618,152
<u>All</u>	<u>33,708,744</u>	<u>6,711,628</u>	<u>5,305,538</u>	<u>1,407,090</u>

Source: Settlement Organization of Iran, Housing Deficit and Housing Constructed in Urban Areas. MHUD, Tehran, Iran, 1976.

Table V-6
Tenure Patterns and Density in Iran (1976)
1976 in Iran.

Areas	<u>P e r c e n t (%)</u>			<u>R a t i o</u>		
	owner occupier	rent & mortgage	other	person in dwl.	h.h in dwl.	person in rm.
Urban	62.6	28.1	9.2	6.7	1.4	1.8
Rural	89.0	20.9	8.1	6.1	1.2	2.2
<u>All</u>	<u>76.1</u>	<u>15.2</u>	<u>8.7</u>	<u>6.4</u>	<u>1.3</u>	<u>2.0</u>

Source: Settlement Organization of Iran, (same source as Table V-5), 1976.

When the revolutionary government assumed power, it was confronted by seemingly staggering economic problems. The treasury was nearly empty. The equivalent of \$700 million remaining in a government account with the Central Bank was used-up in a few days to cover debts and shore up shaky institutions. The government had to resort to printing money and to borrowing from the Central Bank. Huge deficits were looming (Katouzian, 1981).

5.4 Revolutionary Government's Economic Condition and Strategy.

The banking system appeared to be collapsing. The flight of capital had begun in the month leading to the revolution and continued after the revolution. In the five months between September 1978 and January 1979, the outflow of banks deposits topped \$4 billion (Bank Markazi Iran 1979).

Foreign technicians had departed, leaving major government-financed projects- steel mills, petrochemical plants, copper works, wood processing industries, power generating plants, nuclear reactors, and many road, port and construction projects- half completed. Great cranes stood idle above unfinished offices and apartment blocks. Lay-offs and closures downs left 2.5 million men and women out of work, nearly one million of them construction workers employed by private constructors involved in government projects (Ibid 1982).

This condition exacerbated by external events such as

the asset freeze declared by President Carter in November 1979 caused by the hostage crisis, denied Iran access to valuable foreign exchange holdings. There was also the war with Iraq which wrecked Iran's largest ports, major industries, and disturbed trade.

In 1981, the revolutionary government was confronted with increased economic crisis due to the decline in oil export capacity. Iranian oil exports had fallen from 5 million barrels a day in 1977 to under 700,000 barrels in 1981. This was one-third the level necessary to meet the country's foreign exchange needs. Iran's oil revenues in 1983-84 were \$3.7 billion below projected earnings due to Iraqi attacks on tankers and on the main oil jetty at Kharg Island which led to the disruption of oil exports. Oil revenues in 1985 were also running behind projected earnings of \$20.7 billion.

The government's debt to the Central Bank had increased by 100 percent over a one year period, rising from 1,000 billion rials in March 1980 to 2,000 billion in 1981 (\$1= 80 rials in 1978). The Prime Minister was obliged to admit that the amount of the government's debt to the Central Bank indicated the bitter fact that the government had accomplished little in the sphere of the economy (Keyhan Havaei. 1981). Over the same period government receipts had fallen by 50 percent from 177 billion rials in 1980 to 89 billion rials in 1981, and the national industries had registered a loss of one billion rials (Ibid, 1981). War expenses were estimated at about 85.5 billion rials (25% of the total national budget), while at

same time the GNP had been falling by an estimated annual rate of 11 per cent since the revolution (Keyhan I. 1982). As a result the government was faced with a deficit of 878 bn rials and a cash flow deficit of 285 bn rials (Ibid, 1982).

Foreign exchange difficulties mirrored problems in other sectors of the economy. The Central Bank reported in 1983 that out of 4,045 projects funded, 1,332 were failures and had to be written off. As a result of deficit financing, the government debt to the Central Bank had soared and money in circulation had almost tripled between March 1979 and March 1984 (Central Bank, 1984).

Meanwhile, the political and economic uncertainties, the condition of war with Iraq, the lack of a clear economic policy, international isolation and acute shortages of raw materials and managerial skills have all prevented the economy from returning to an acceptable level of capacity utilisation.

The new government's macro-economic strategies are: to maintain the agricultural sector while encouraging the development of a modern industry sector, in order to aggregate welfare of the society. In this regard the government's economic programme includes a long list of promises for the poor population in particular for workers and peasants. Both in the agricultural and in the industrial sector, workers were to be relieved of all government deductions such as taxes and insurance payments. In addition, they were to enjoy housing,

transportation, and sanitation facilities and their children provided with free education, from nursery to university.

5.5 Post-revolutionary Housing Policy

Owing to the catastrophic condition of the economy, the revolutionary government was hard pressed to provide housing for the urban poor. Many of those who had marched against the Shah were drawn from the poorly housed population of the great urban centres. Not surprisingly, Imam Khomeini accorded a high priority to the housing issue. "We will build homes for the poor all over Iran", he pledged in a major address on March 1st, just two weeks after the revolution (Keyhan 1979).

In the immediate post-revolutionary period, homeless people in major urban centres, took advantage of the break-down in municipal controls coupled with the revolutionary government's attitude emanating from the declaration of Imam Khomeini, and started a boom in do-it-yourself housing by occupying state and private lands inside and outside city limits. Members of the revolutionary organisations routinely appropriated for their own use the homes of individuals they considered linked to the former regime. However, housing problems quickly mounted. Rural migrants poured into urban centres, in anticipation that at the dawn of the revolutionary era the government would distribute land and housing freely to the deprived and deserving classes.

One of the radical measures which emerged was the establishment of the Housing Foundation (HF) in June 1979, at Imam Khomeini's behest. The Foundation's main objective was, to provide low-income and homeless population with a decent housing. To achieve this objective the seizure and distribution of privately owned land and housing was a daily routine of the Foundation which will be explained in next chapter.

The widening dispute over nationalisation, expropriation and state control of the economy was therefore only partly explained in terms of a struggle between the haves and the have nots, the "conservatives" and the "revolutionaries." The dispute was more complex, involving disagreements over Islamic doctrine, and over the capacity of the state, as against a mixed economy, to serve as the engine for economic development. The question of the state versus private ownership which had ramifications for a whole range of critical matters came to a head in the struggle over land distribution. Land reform (urban and rural), was the yardstick by which Iran would judge the revolutionary credentials of government and their dedication to the masses. As stated in Chapter Three, land figured prominently in Islamic jurisprudence. This meant government policy on land touched on intimate matters of Islamic law, and while Islamic jurists might pass over the nationalisation of industries, for example, in relative silence, legislation on land would inevitably engage their attention.

The sense of deprivation, and the expectation that an

Islamic regime must do something to alleviate it, was also widespread. One squatter in Ahwaz remarked: "we continue to struggle day and night for a piece of bread. If we all speak of an Islamic Republic or a government of the oppressed (the revolutionary government calls itself the government of the oppressed), then we must all be equal. Everyone who toils and suffers must also have a living. At least things should not be such that we die of hunger, while others are bursting with satiation" (Keyhan, 1980).

The outcome of the revolution and its impact on public attitudes contributed to the atmosphere of general disorder in the first year of the revolution. Partly in response to such developments, this situation required a radical housing programme and land legislation.

After the revolution of 1979, the mass movement of the people and the establishment of Revolutionary Courts frightened land owners. They rushed to sell their land inside and outside the city limits at cheap prices. In the meantime the Housing Foundation, the Oppressed Foundation and other mushrooming revolutionary institutions, began land confiscation and distribution of urban land. These developments and the promulgation of UWLOAL in 1979 resulted in the sharp fall of land and housing prices in the first two years of the revolution (Appendix 3). In 1977 for instance, the average price of one square meter of urban land was 8,309 rials. This price reached its lowest possible level of 3,877 rials in 1979. In the other words, a 50 percent decline brought it closer to the price of 1975 (Fig. V-2). The proportion

of a dwelling's cost accounted for by the price of land also declined from 49.8 percent in 1976 to 28.4 percent in 1979 (Fig. V-3).

Before the enactment of the urban land policy in 1977 the land acquired for private housing construction cost nearly 200 billion rials. In 1979, after implementation of the UWLOAL the price of the same area of land dropped to about 121 billion rials (Fig. V-4). Nevertheless, prices of urban land begun to soar again owing to the ban of the Urban Waste Land Ownership Abolition Law (UWLOAL) in 1981 (Fig. V-2).

The revolutionary government's housing policy emanated from article 31 of the Constitution which grants each Iranian individual or family the right to have a decent house, giving priority to the poor (peasants and workers). In response to this article, the Parliament ratified the Urban Land Law in 1982, in order to provide the low-income population with access to plots of land, but its acquisition and the ability to build houses on such scale was questionable, given the uncertainty of private land ownership, which affected private investment in large-scale housing construction. The government was incapable of planning and executing a sizable housing programme for a long time after the revolution. The Constitution could not fulfil commitments to low-income families as these families had neither been identified nor characterised by the Constitution and the Urban Land Law.

The provision of housing and related services to the

Fig v-2

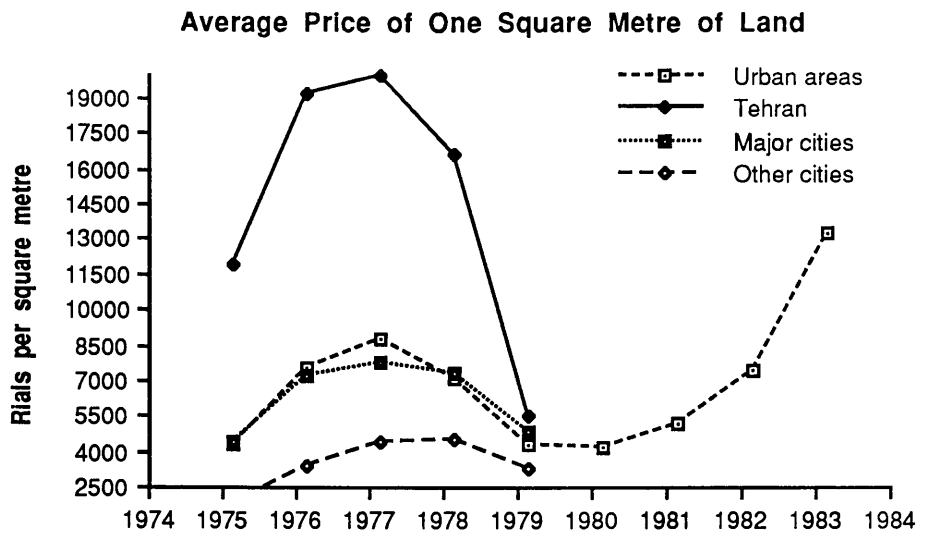


Fig v-3

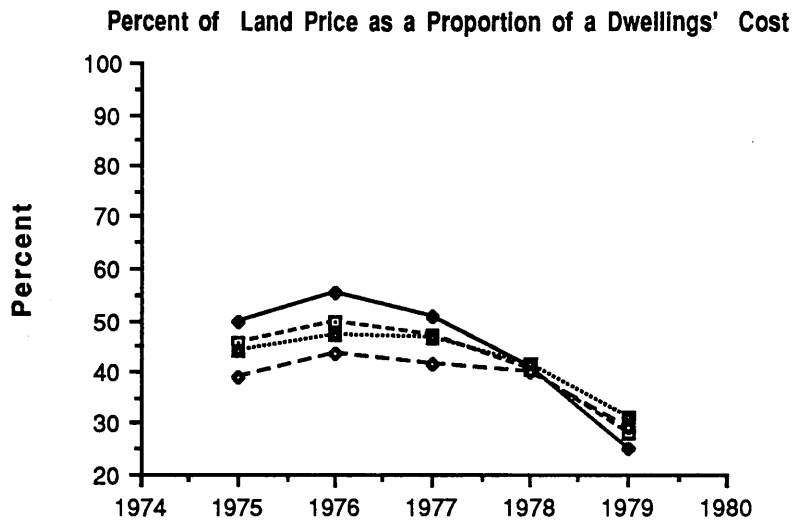
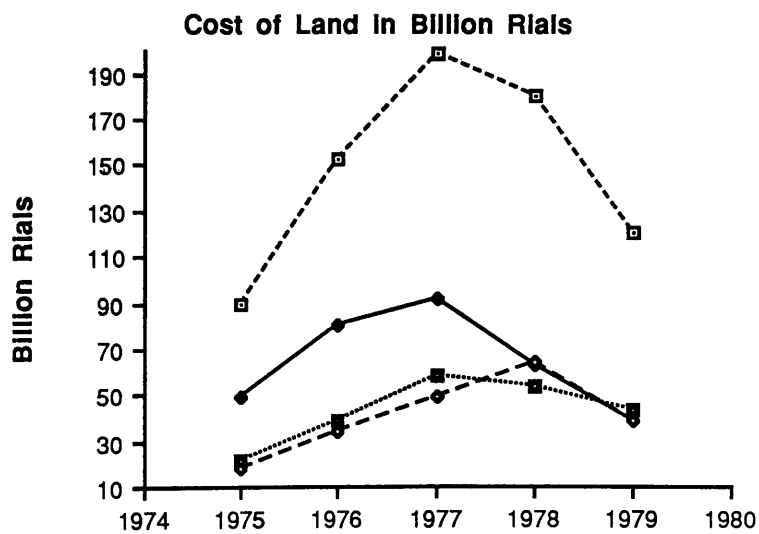


Fig v-4



£1 = 220 Rials in 1979.

Source: Ministry of housing's report, 1985, Tehran.

poor require the mobilisation of additional funds and resources far beyond those of the poor themselves. However, the government's budget was already strained. The government was already constrained financially, and could not provide housing and services to the ever-increasing homeless urban population without the private sector.

Accessibility to land is important in housing provision. If this is guaranteed, then affordability and cost recovery become critical issues. The expense of providing shelter and services far exceeds the ability of the poor to pay. It is clear that if the costs are too high, the low-income families will be denied access. Also, while the recovery of costs is always desirable, it is extremely difficult to accomplish in actuality. If the government subsidises cost recovery, it would limit its ability to replicate programmes.

There is by now no doubt that any real attempt at economic planning should incorporate comprehensive recognition of regional imbalances and should make a serious effort to reduce them.

The revolutionary government's economic strategy, however, has important implications for settlement development. Firstly, the government stressed that the provision of housing by the private sector was to be maintained or increased. In recent years, about 80 percent of the new housing stock has been provided by private cooperative settlements or individuals (Bank-e

Markazi 1981). Secondly there was particular emphasis on the full utilisation of the many partial development subdivisions within the legal city limits.

A third important feature of the projected economic development strategy for planning purposes is the continuation of the control over urban land management as well as the encouragement of utilisation of land. It was expected that the release of capital invested in land speculation would be channelled into the productive sectors such as agriculture, industry and national services (ULL, 1982).

After the 1979 revolution the construction of luxury offices and houses in major urban centres was ended. Although the decline in urban employment initially forced many casual workers to return to the countryside, the tide of rural-urban migration was not much affected. It was estimated that in the period of 1979-80, 800,000 people migrated to Tehran, many in the hope of obtaining interest-free loans and free land for housing (Afshar 1985). In an attempt to reduce migration, the government announced that these loans would only be available for people willing to migrate to small towns and villages (Ettela-at, 1980). The government also raised the minimum agricultural wages.

The important points to be considered by national settlement policy are the issues of urban concentration and the declining population of some rural areas. The national population is expected to increase by 65 million

between 1990 and the year 2000, internal rural-urban migration is expected to be at a slower rate over this period. Although the increase is quite low in comparison to the urban growth of most other developing countries, it still results in the need to create additional employment opportunities in the urban areas. Thus, the present settlement development strategy for Iran should be a new direction to accommodate the expected physical growth and to check the undesirable characteristics observed in the past in the pattern of physical development. This strategy basically should seek to rationalise the emerging linear urban corridor within which various urban areas are integrated into one metropolitan area such as Tehran, Esfahan, Tabriz and Ahwaz. At the same time, the strategy also must identify a balanced hierarchy of urban and suburban centres within the corridor as well as optimum locations for manufacturing, housing, and recreational activities.

The revolutionary government by realising the role played by rural development have taken some steps in an attempt to avoid the problems experienced in the past. These steps have included efforts to improve and extend irrigation facilities, expand access to agricultural credit and subsidise agricultural inputs. The extension of rural services such as road, electricity, water supply and improving living standards in order to curb the large scale exodus to the urban centres was also pursued. These were carried out by the establishment of an organization locally called Jahad Sazandegy (construction crusade). This organization has employed huge numbers of

skilled labour in addition to heavy machines in order to achieve the objectives that marked its creation. The Iranian Parliament passed a bill in 1987, which calls for the promotion of the Organization to the level of a Ministry. Other measures such as building up industrial estates in small towns, emphasis on low-cost housing in the construction programme in small urban areas encouraged by long-term loans and land allocation, and provision of special incentives to attract qualified personnel to small towns and rural areas, were initiated (FYDP, 1988).

5.6 Conclusion

Over time the economy has undergone major changes with specific reference to the decline of the agricultural sector and the growth of the industry and service sectors. It is worth noting that the key features such as the consumption-oriented policy and the role played by the private sector have grown in importance. These two features in particular are of importance to land use planning approaches. Firstly, the open-door economic policy will make it especially difficult to accurately predict changes in economic trends, since these will rely heavily on changes in the world economic climate. Secondly, given the usually limited resources of land use planning authorities, it is often quite difficult for these authorities to acquire the amount of data and knowledge necessary to predict and plan for an active private sector. These characteristics of the economy have a profound influence on the effectiveness of housing land policy approaches.

The pre-revolutionary economic strategy; the prevailing free market forces; pressure of urbanisation; a change of socio-economic structure; and limited urban land use planning policies - particularly the lack of a comprehensive urban land use strategy - were the main factors which exacerbate the acute housing problems in Iran, and the main contributors to the formulation of the present urban land policy. The economic boom placed a tremendous strain on urban facilities which cannot be quickly or easily alleviated. The extreme disparities among the Iranian provinces, as well as between urban and rural areas, must be reduced if a balanced development is desired.

The cost of housing supplied by the market, as well as that rented was far above what the low-income groups could afford. The pre-revolutionary urban management policy in this regard was inefficient. The construction of urban infrastructure was reflecting the orientation of government attention to industry rather than agricultural pursuits; thus land in urban area played a significant role in urban dweller lives.

The pre-revolutionary government concepts of urban land management had reflected the roles land was expected to perform in the society. As a result, the direction of economic development has been opposite to the direction of social justice and equitable distribution of wealth including land. A few landlords owned the majority of land in the urban areas. In the light of these developments, one could explain the lack of adverse repercussions in

response to the post- revolutionary change of the urban land tenure system in Iran. This is because it is only the urban elite and wealthier landlords who will be affected by such a reform, as they are the main beneficiaries of the ownership of land.

Nonetheless, post- revolutionary government rejects the past patterns of residential development, as they are not in accordance with their long- term development strategies. As such the physical planning authorities in their attempts to direct future physical ^{developments} and allocate patterns of residential development are focussing on the supply of urban land for different groups in areas of high demand. However, the current urban land policy measures used to fulfil these objectives with priority to the solution of low income housing problems.

CHAPTER SIX

URBAN LAND POLICY AND HOUSING: THE CASE OF AHWAZ

6.1 Introduction

This chapter is devoted to the general context of urban land policy in Iran, and in particular Ahwaz. The policy measures adopted from 1979, the implementation and limitations of the policy are discussed.

Post-revolutionary urban land policy in Iran experienced three different stages including: the chaotic period (1979-1980); the Urban Waste Land Ownership Abolition Law (UWLOAL) (1980-1981); and the Urban Land Law (ULL) (1982-1986).

Faced by the acute demand for housing in 1979, the Iranian government attempted to solve the problem of housing through acquisition, disposal and control of urban land by public authorities. In June 1979, in line with this concept and in response to hard political pressure for housing, the Revolutionary Council stated that the acquisition of land should be a necessary first step towards providing the urban poor with a plot of land for dwelling construction. In later years, different and more complex programmes ^{were} adopted.

6.2 Stage one: The chaotic period.

In the immediate post-revolutionary period, housing problems quickly mounted. Rural migrants poured into urban centres, under the belief that at the dawn of the

revolutionary era the Islamic government would freely distribute land and housing to the deprived and deserving classes. However, due to the prevailing uncertainty and poor economic state of the nation private investment in large-scale housing construction virtually collapsed. For a long time after the revolution, the government remained incapable of planning and executing a sizable housing programme.

Further radical measures were attempted through the establishment of the Housing Foundation in January 1979. The foundation was created at Imam Khomeini's behest, to provide housing for the poor through private contributions. The foundation director used the call of Imam Khomeini as a platform to agitate for seizure and distribution of private land and dwellings. He boasted he could solve the housing problem overnight if the government would only permit him to take over empty houses and apartment blocks, to exercise control over rents and real estate transactions. His proposals were popular among the urban masses, and resulted in the occupation of empty apartments, buildings and first-class hotels in the capital, utilised as dormitories. The movement spread to provincial cities.

In the first year of the revolution, the Bank Meli of Iran granted nearly \$1 billion in loans for home purchases. This amount was three times the authorised amount, sending real estate prices soaring. Such was the crush that the loan programme had to be suspended for a time. The then mayor of Tehran asserted that the Housing Foundation

director's uncontrolled parcelling of land and his ill-considered policies and statements were encouraging rural migration to urban centres, aggravating housing and building materials shortages, and increasing pressure on municipal services. Recipients of free land often built without a building permit, and the Housing Foundation director encouraged them to do so (Katouzian, 1981).

The Housing Foundation policy continued to attract migrants to the capital and large cities with hopes of getting land and housing. When the Housing Foundation invited applicants from those who needed housing, over 400,000 applications were filed within a few weeks (Thabeti, 1985). This programme too, had to be suspended due to the lack of land supply (Thabeti, 1985).

Despite the fanfare, the Housing Foundation's concrete achievements were limited. According to its own calculations, the Foundation had distributed 12,000 plots of land to low-income families in Tehran. This figure was 50,000 plots, according to Tehran's Municipality. The magnitude of the uncertainty over these figures was itself an indication of the confusion governing the Foundation's activities.

6.3 Stage Two: The Urban Waste Land Ownership Abolition Law (UWLOAL). (see Appendix 2 for details of the law)

Mainly according to the Islamic law of property ownership, and partially in response to such development, in June, 1979, a law 'Urban Waste Land Ownership

Abolition Law' (UWLOAL), was passed. This Law made possible the nationalisation of all "mavat" (dead or unused) land in urban areas, to allow the authorities to acquire land quickly and free of charge or at low cost for public purposes.

This Law in the first place gives the government power of compulsory land acquisition in accordance with the Islamic law of property ownership. These measures were termed urban land policy in Iran. At a nationwide scale, this policy was a legislative instrument aimed to bring holdings of vacant land within existing urban areas into the public ownership for socially desirable purposes, particularly for low-income housing.

The Law allowed each owner without a dwelling of his own to keep a maximum of 1,000 square meters of such land, and to build on the land within a specified time limit. The nationalised land was to be made available for new housing construction, and official buildings. The Urban Land Development Organization (ULDO), was created to administer the nationalised land and arrange for its transfer to deserving families. Considerable controversy subsequently arose regarding implementation.

The nationalisation of vacant and undeveloped land plots inside the city limits were included in the law. Accordingly, each individual had the right of legal ownership to just one dwelling unit for his personal use. At the same time it ensures individual land use rights by introducing collective land ownership on plots of land

which are larger than the given minimum. The law had not eliminated private land ownership altogether. Land could not be bought and sold by individuals or by the private sector inside the legal city limit. Urban Land Development Organisations (ULDOs) were fully responsible for the implementation of the law throughout the country.

Two types of certificates were used by ULDOs to preserve the owners' rights: These are Development Certificates and Contingent Development Certificate. "Development Certificates" are granted to the developed plots, such as dwelling units or orchards. The "Contingent Development Certificates", are issued for undeveloped plots, which had to be developed within a period of three years from the date of issue otherwise, the plot of land would be subject to expropriation without compensation. Mavat (Waste) land was to be in the possession of the state. However, developed lands, allotments, parking lots, garages, swimming pools, sport centres and similar services as well as industrial units were excluded.

6.3.1 Implementation of the UWLOAL.

The ULDOs, which were established to implement the law, began to accumulate the nationalised Mavat land and arrange for its transfer to deserving families. Thousands of hectares of urban land were acquired and transferred to state ownership. Three thousand hectares of this land was divided and distributed between the homeless (Settlement & Planning, 1980). This was expected to be a very effective

step by the revolutionary government to assist low-income* families to acquire low priced land for dwelling construction. The implementation of this law over nearly two years (1979-1980) provided a new opportunity for urban families to have access to urban land.

In addition to the supply of land for different uses, this new legislation could have provided grounds for the proper implementation of the cities' social service projects. Previously, municipalities had often been confronted by enormous obstacles in carrying out cities' development projects, mainly due to the private ownership of land and the limited financial capacity of municipalities to buy the land required. On the basis of this law, whenever the municipalities were unable to issue an owner development permission due to Master plan codes and regulations, the ULDOs were authorised to grant a plot of land in its vicinity to the affected owner in exchange for the required plot. The transfer of land needed for urban growth from private to common ownership is the base for ensuring the future of human settlements (Darin-Drabkin, 1977).

6.3.2 Limitations of the UWLOAL.

The emergence of this law however, was not based upon adequate conceptualisation of the problems or a rational process of evaluating needs, rather it reflects the mobilisation of political demands- discussed in Chapter Five. Thus, 'problems' appear on the decision-making agenda, without having been adequately conceptualised or

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* Low-income people have not been defined neither by the Constitution nor by the ULL.

thought through. The previous regime was criticised for not giving enough attention on the provision of housing to its people and, in particular, for lower income urban residents. The revolutionary government was faced with the duty of providing housing to its people especially to the poor.

The implementation of the UWLOAL has done a lot in providing the state with an unprecedented amount of money from the sale of acquired urban land but ambiguity in the text of the law and its provisions has led to improper implementation of the law. The ULDOs' directors have acted in isolation, they do what they believe and not what is stated in the law. This has caused a range of social and political problems:

1. Decentralisation of the ULDOs and lack of coordination resulted in a sharp contrast in performance by ULDOs in different urban centres.

2. The criteria for land classification stated by the law were declared non-Islamic by scholars and therefore had to be abandoned. Article no. 2 of the provision for instance, describes developed land as "orchards which have 6 trees in each 100 m², or 3/4 of its area tree planted, are developed land; less planting shall be categorised as waste land" (provision of the law, Appendix 2). The argument is that, if the land has got 5 trees instead of 6 trees or 2/3 rather than 3/4 of its area planted, it is still an orchard and not waste land. According to the Islamic scholars' point of view, this type

of land is regarded as fully developed land, (Thabeti, 1985). By virtue of article no. 2, most of the orchards and agricultural lands in many provinces have been expropriated, divided and distributed. The ULDO office in the town of Izeh in Khuzistan province for example, expropriated agricultural land by writing to its owner "collect the product (crops) of your land and leave it, because it is classified as waste land" (Letter archived in Urban Land Organization Office in Ahwaz 1980). This means ULDO not only nationalised waste lands but often developed lands, although in this case classified as waste land; the land had crops to be harvested first. This results from poor classification of waste lands by the law.

3. The Housing Foundation executives whose main objective was rural housing construction (after the ratification of the UWLOAL), interfered in the take over and distribution of land during the implementation of the UWLOAL illegally. Privately - owned land was distributed between applicants by the Housing Foundation prior to acquisition. Therefore, people who paid for and spent a lot of money in constructing their dwelling units could not get a legal title.

4. Propaganda such as "a proper house for each individual" by the Housing Foundation and other bodies and institutions has attracted many people into the big cities generally and Tehran in particular, (Settlement & Planning 1980). Many people sold their small houses and joined the land applicants' queue in the hope of getting a proper

piece of land at a low price. Owing to the mass migration, 75 percent of Tehran dwellings, during 1979-1982, were built beyond the ten years legal limit of the city (Thabeti, 1985).

5. The land distribution process was slow owing to the shortage of skilled staff. There was also unjust distribution, since anybody could claim to be homeless or poor to purchase a piece of land at a very low price. There was no possibility of checking the applicants' authenticity due to the lack of exact definition of the "poor" by the law.

6.4 Stage Three: The Urban Land Law (ULL).

The main objectives of the Urban Land Law were: "to meet the urban development and public need of housing and services; to curb land speculation; to promote desirable economic development by directing capital freed from land speculation towards the productive sectors of the economy" (ULL, 1981). The Urban Land Law of 1981, calls for all urban land to be controlled by the Urban Land Organization (ULO), by the virtue of articles 5 to 10 of the law which respectively declare that:

"All 'Mavat' (waste), land within the urban areas shall be in the possession of the Islamic government;

The owners of 'Mavat' land are obliged to turn in their land with the exception of 1,000, m² which they shall retain and develop within a specific period of time. The

land shall be retained by the state in case of development failure;

Absentee owner property and property of unknown persons shall become the property of the Islamic Republic of Iran;

The owners of the urban Ba-year (undeveloped) land shall develop no more than 1,000 m² of their land. They have no authority to allocate, transfer or let the remainder of their land except to the state;

The owners of Dayeer (developed) and Bayeer (undeveloped), lands within the urban areas are obliged to sell their lands to the state and municipalities as required. The sale price shall be determined by the state.

Subarticles 2 and 3 of article 9 declare that disagreement or absence of the owners will not curtail the acquisition processes, and the ULO shall sign the transaction title on behalf of the owner(s). Non-Mavat land shall remain in Waqf. No one is authorised to transfer or allocate such land without the permission of the ULO;

All lands possessed by the state's institutions, revolutionary organisations, ministries, banks and all other state-related foundations shall give up their ownership in favour of the ULO, as the state's single agency in dealing with urban land" (ULL, 1982).

By the virtue of article 55 of the provision of the ULL, the ULO is authorised to take possession of all

'Mavat' Waqf land. This article was unique in its kind in regard to the development of Waqf land which normally lies idle and prevents any planning action to be taken in Muslim countries. This article was cancelled a year later.

In April 1982, in a major extension of the measures, the nationalisation order was expanded to cover all categories of unutilised urban land, including 'Bayer' land holdings, that is, land with a previous history of development which may be currently unused. In this instance, some provision was made for the protection and compensation of owners at the instigation of the Guardianship Council. The government, as a result of these measures, came into possession of substantial tracts of land lying idle around and in the major cities. By early 1983, the government had taken over 2,000 hectares of privately owned urban land, and another 20,000 hectares was earmarked for expropriation (Ettela-at, 1983).

The ULO expedited the process of taking possession of land and regulated compensation, which land owners could demand for their properties. This law has enabled the authorities to acquire land at affordable costs and by 1983 a considerable amount (49,000 hectares), of land was acquired (Table VI-1).

The land acquisition legislation resulted in limits imposed upon private rights of land ownership for achieving various public purposes such as town planning, social justice and equity. Private ownership was therefore subjected to the 'eminent domain' and 'public

Table VI-1
Type of Land Acquired by the ULO in Iran
1982-1984
(area in hectares)

Year	<u>Mavat</u>		<u>Bayeer</u>		<u>State Owned</u>	
	plots	area	plots	area	plots	area
1982	297	1,142	74	2,277	53	3,028
1983	1,644	11,254	2,991	14,531	1,351	5,130
<u>1984</u>	<u>3,169</u>	<u>6,140</u>	<u>2,214</u>	<u>1,097</u>	<u>693</u>	<u>6,360</u>
<u>Total</u>	<u>5,110</u>	<u>18,536</u>	<u>5,279</u>	<u>17,905</u>	<u>2,097</u>	<u>14,518</u>

Mavat: Lands acquired (no compensation) under article 5.

Bayeer: Lands acquired (compensated) under article 9.

State Land: Lands belonging to the state's departments, institutions and organizations, invested in the ULO under article 10.

Source: ULO's report, 1985.

power' of the state, which implies that the rights of private ownership can be enjoyed only subject to such qualifications as the state may in the exercise of its sovereignty impose upon them. Theoretically, these are universally accepted facts. But this fact cannot be justified in the Islamic law of property ownership, as "the private ownership is highly guaranteed" (Al-Ashkar, 1987).

In addition to taking land for public purposes, ULO could also acquire land for housing and other urban land

development such as industrial or commercial schemes. In this respect, no distinction is made between public acquisition of land for public purposes and acquisition for residential developments.

The acquisition of land for 'public purposes' such as administration buildings, roads, schools, health centres, and so on, is carried out by the relevant state institution under approval from the ULO. This happens when the ULO cannot supply the required land for Public purposes at the right time and location. Non-public purposes, such as land needed for housing their employees, has to be dealt with through the ULO.

Owing to the deep attachment of Iranians to land, it can be a time-consuming process to acquire land through negotiation with the owner. Compulsory acquisition under Article 9 of the ULL of 1982 has therefore become the only potentially viable option for the government to ensure that it has access to land at the right time and the right place for public purposes. 'Public purposes', in the ideological context of the Iranian government, may include any land use for which the government is responsible to benefit the nation.

The statutory powers of compulsory acquisition could not be invoked validly other than for public purposes, as defined by the law. But even then, the definition is so wide that it hardly excludes much, and most acquisitions could still be justified as for 'public purposes'. Unlike many other countries, compulsory acquisition in Iran does

not seek the consent of the owner in terms of market price compensation. The state itself defines the purchase price of the targeted land, and regardless of the owner's consent the land is transferred to the state's ownership. Islam, which theoretically recognises private ownership, once again denies the basic right of ownership in practice in Iran.

Land acquisition under ULL and the ULO powers discussed, has been assessed and criticised in the context of the Islamic concept of social justice. Scholars both within and outside government administration, differed in their philosophies and attitudes toward the land ownership question and, consequently, varied in their attitude toward direct government land acquisition for urban purposes. Many express the feeling that, given the complexity of the problem of land ownership and the deep-rooted emotional attachment to land of Iranians, coupled with the religious support to private ownership, the attempt to fully implement the sweeping expropriatory legislation in many political structures could be explosive. This may spark off uncontrollable social unrest, as was the case of Iran in ^{the} 1963 land reform, which led to the exile of Imam Khomeini.

Many scholars not only did not support such legislation but opposed it strongly. One of these "religious bodies", when it was chosen by the Board of Executive of the ULO in 1982 as the general director of the ULO of Ahwaz, refused to take over the office. He stated, "this law is not an Islamic Law, therefore I cannot implement a law which is

not in line with our belief." The opposition was even stronger with regard to rural land reform of 1980 which resulted in social disorder and bloodshed (Lahsaiezadeh, 1989). The rural land reform had thus to be abandoned.

6.5 The Establishment of the ULO.

The ULO was originally created in 1979 under the name of ULDOs in order to implement UWLOAL. The immediate circumstances that occasioned its creation, were the chaos in property take-over and the land invasions, which broke out in Iran in 1979, leading to illegal housing construction in most large urban centres.

The immediate objective of the ULDOs at that time, was to save urban land for better management and to provide enough land for housing construction. The ULDOs were much more powerful than municipalities in the normal sense. All powers and duties exercised by municipalities in the arena of urban land affairs were transferred to and vested in the new established ULDOs. The work of the Organization was started with a grant from the Revolutionary Government, with a promise of further funds when these were exhausted.

After the abandonment of the UWLOAL and ratification of the Urban Land Law in 1981, the ULDOs' duties were transferred to the newly established ULO. Although, the activity and operations of the ULO were extended, the number of employees remained small in comparison to the scale of the duties to be handled. The work of the

Organization was underway, but soon after, the revenues of the government were exhausted by the Iran-Iraq war and economic depression and no further funds were available for it, even the revenues from its land sales. The war further interrupted work and manpower (10% of each government institution's employees had to serve in the battle field for six months), and money was channelled to the war effort.

Although capital expenditures increased considerably, revenue incomes were also comparatively higher. The ULO had little access to its income revenue, as it was channelled into the war effort (Table VI-2). The work of ^{the} Organization continued, but at a reduced pace (Table VI-3).

Table VI-2
Capital Expenditure and Revenue Incomes of
the ULO in Ahwaz, 1983-1986 (in rials).

year	expenditure	revenues
1983	103,452,115	1,122,120,313
1984	94,641,840	21,766,970,310
1985	113,875,591	1,628,479,416
<u>1986</u>	<u>356,071,648</u>	<u>950,464,475</u>

Source: ULO in Ahwaz 1987.

Table VI-3

Urban Land Distributed by ULO in Ahwaz, 1984-1987.

Year	<u>Individuals</u>		<u>Cooperatives*</u>	
	plots	m ²	plots	m ²
1984	3,208	750,432	7,567	1,866,151
1985	2,999	717,032	2,310	559,770
1986	1,225	307,153	714	178,731
<u>1987</u>	<u>906</u>	<u>256,375</u>	<u>420</u>	<u>104,672</u>

Source: ULO's office in Ahwaz, 1987.

The Organization was given very wide powers at national, regional and local levels, some of these powers declined with subsequent amendments to the original act. The Urban Land Law implicitly broadened the definition of public rights in the acquisition and use of land. It marked the beginning of the Organization's entry into major and direct industrial and commercial site preparation, in addition to residential development and as well as the general control in land use planning in accordance with master plans. It had the power to lease, sell, exchange or otherwise dispose of any land vested in or acquired by it, ensuring that the private developers or individuals to whom it sells, or even on their own land, build according to approved city plans and standards.

The Organization is required to pay reasonable compensation for replacement of acquired (non-Mavat) land for damages sustained by individuals or groups by reason of the exercise of any of these powers vested in it by the act. The Organization was also required to compensate or

* See appendix (V) for differences among individuals and cooperatives.

replace those lands involved in the projects for town planning, and acquired by municipalities.

The Organization was almost a self-contained institution, completing all arrangements necessary to carry out site preparation projects- its architects and planners prepared the necessary site designs, plans and specifications. The design of sites with less than 100 residential plots could be decided locally; those exceeding one hundred plots had to be approved by the Board of Executives of the ULO in Tehran. Prior to land disposal, the Organization enters into arrangements with the servicing institutions such as the Sewage and Water Organization, Electricity Organization, Municipality and other relevant departments for the final execution of the projects.

6.5.1 Limitations Faced by the ULO.

The controversy over land and property saw the emergence of the Guardians Council (see Chapter 3), as an institution of a considerable influence in the new Constitutional order. In May 1982, the Guardians Council forced Parliament to revise the bill on urban land giving more protection to private owners, requiring them to be compensated properly for expropriated land, and limiting government freedom to take over property. It also ruled that the government could not apply the urban land law indiscriminately to all cities where the housing shortage was critical and could be resolved only through the buying up of private property. The Council further reduced the

ULO's acquisitory power by cancelling article 55, which authorised the Organization to take over all Mavat Waqf land.

By ratification of the ULL and endowing the ULO with powers of compulsory land acquisition and disposal of land, the policy makers presumed that public control ensured the most desirable use and equitable distribution of urban land resources for the benefit of the majority of people of the public. It was assumed that the ULO would use the acquired lands in the most equitable way to benefit all groups in society. In effect, the accessibility to urban land resources and facilities would be maximised under such public agency control. It assumed also that what the government or the ULO considered 'public purposes' or 'national importance' would also be understood as such by the affected land owners, who, on that basis, would be better disposed to make the necessary sacrifices in the public interest. The weakness and failures of the ULO as a public agency hinged on the precarious foundation of these assumptions. By far the most classic example of this is the Organization's experience with the urban 'Mavat' land acquisition. It attempted to acquire all vacant land within urban areas, including Waqf land, under the pretext of the 'Mavat' criterion for development and redevelopment purposes. Although this was against what is socially believed; land and its ownership in the society has such a profound sentimental and social value as an expression of group cohesion, that it was unlikely that such a provision could be implemented without any opposition from the affected

land owners or without social unrest.

Although the Organization had faith in its Islamic justifications and legal powers, it under-estimated the strength of the resistance by land owners and scholars that it was facing. It was the scholars' opposition to the law - on the basis of Islamic principles- that forced the government to modify the provision of the law more than once. This modification had caused the ULO to wait months and, in a few cases, years, to acquire the targeted land. The applicants for residential land, in effect, had to suffer from the daily inflated prices of building materials and labour wages.

6.5.2 The Funding and Financing of the ULO.

One of the implicit assumptions of the powers and scope of the ULO function, was that enough funds would be available to enable it to carry out comprehensive programmes, which would make a substantial impact on the country's urban land and housing problems. This assumption proved tenuous. The ULO's operational effectiveness was often seriously undermined by the frequent shortage of ready capital from land sales, vested in the government's treasury.

The efficiency and effectiveness of direct public intervention in the land market as part of urban land policy, very much depends on the financial and administrative strength of the relevant authority or agency charged with such policy (UN, Paris, 1965). ULO had

serious limitations in respect to each of these prerequisites. Being a quasi- government agency, ULO was financed from land sales and state loans. The ULO's most active years of land acquisition and residential land distribution, took place during the Iran-Iraq war (Table VI-4).

Table VI-4
Land Acquired and Distributed by the ULO in Ahwaz,
1984-1987 (in hectares).

year	land acquired	land distributed
1984	1,118.0	262.0
1985	98.5	128.0
1986	335.5	48.0
<u>1987</u>	<u>138.5</u>	<u>37.0</u>
<u>Total</u>	<u>16,905</u>	<u>475.0</u>

Source: ULO's annual reports, Ahwaz 1984-1987.

In addition to residential land, nearly one hundred hectares land were distributed for non-residential purposes including land for public services establishments, industry, and government installations.

ULO acquired some 16,905 hectares of urban land in the span of four years. From this it produced approximately 20,000 housing plots of various size, ranging from 120 m² in Koyea Enghlab to 350 m² in Keyan Pars. In addition, approximately 127 plots for small industries and

commercial estates of about seven hectares in area were allocated, (ULO, 1987).

Since 1984, a substantial proportion of the revenue incomes of the ULO were spent on land preparations.

In fact, one of the most magnificent steps which lately have been taken by the ULO, were land preparations. Prior to that, hills, swamps and low lands were sold to the beneficiaries for residential use. This resulted in a heavy burden of expenditure to the user, for developing the land for dwelling construction.

The ULO, for example, was unable to protect the Mavat land within the cities which ^{VI-}owned it (Plate 1). It was even unable to collect a substantial amount of rent owed by its commercial and industrial tenants for leased or rented land. This inability could be attributed to the weakness of its management mechanism, to the incompetence of its personnel, to the lack of coordination among its officials and to the reluctance of people to pay for the government-produced goods. Considerable sums of potential revenue due from rents on the ULO's lands remained uncollected from the start. The principal cause of this was attributed to the lack of a specific unit responsible for rent collection.

Such was the financial weakness of the ULO, that it could not pay compensation properly to land owners as required by the law, even at the state's defined prices. This was mainly due to the lack of direct access to its funds, coupled with time consuming procedures to obtain

Plate VI-1



ULO's Land Invaded by Migrants in Akher Asphalt, Ahwaz.

them from the government treasury. ULO was still not in a position to pay compensation to many of the owners in 1986, while the ULO distributed and sold their land. The same problem arose with private land owners whose excess undeveloped land was not subject to expropriation, but the owners had no right to develop it, or benefit from its rent. These owners were severely handicapped with regard to selling, mortgaging or leasing such properties. Such non payment and undefined condition of property freezing after the law contributed to the shortage of land supply to the market; in addition to the resistance by the land owners whose property was acquired, to be acquired or already frozen by the law.

On the other hand, even where the ULO had acquired and paid for the lands, they remained undeveloped for a long time owing to lack of sufficient funds for land preparation (Plate 2). This resulted in further losses to the ULO, as the little capital it had became tied up in such lands which, in many cases, were invaded and occupied by the poor (Plate 3). This not only affected the ULO's lands, but private frozen lands; 360 cases of invasion of such lands were reported officially to the court in Ahwaz in 1986.

ULO's financial weakness meant that it could not afford to embark on massive land acquisition, except in the case of 'Mavat' land. Thus it was unable to create the urban land banks or land reserves normally used to control land value and land use. Relying on its eminence power, ULO acquires land only for short terms, but not for future

Plate VI-2



ULO's Vacant Land Lying Idle in Koyeh- Enghelab, Ahwaz.

Plate VI-3



ULO's Land Invaded by Squatters in Se- Rah Ahwaz.

needs. This isolated and uncoordinated pattern of land acquisitions has affected land values and land prices around the areas adjoining ULO's schemes. Although the price of land is fixed, there are still annual increases in official land prices.

Table VI-5 shows that the purchase of land is becoming more expensive, as less land is being acquired. This fact is more crucial when we consider the increasing financial limitations on ULO, which has forced those denied land by ULO to buy their dwelling plots illegally at a very high market price. The price for ULO's land was increasing on a day-to-day basis, but still it was seven times lower than the prices of real estate in the city. The increase in price of the ULO's land was due to the expenditures of land preparation and had to reflect this in the sale price. These higher prices were brought about by the ULO's policies, which originally intended to give the urban poor access to land. This process was particularly obvious in the ULO's land in Golestan, Korosh and Padad. If the ULO had the financial

Table VI-5

Land Acquired and the Amount of Money Paid for,
in a Period of Three years 1984-1986.

Years	(rials)	(m ²)
1984	94,641,840	11,180,000
1985	113,875,591	985,000
<u>1986</u>	<u>356,071,648</u>	<u>3,355,000</u>

Source: ULO in Ahwaz 1987.

strength and active personnel to acquire land in a more comprehensive and coordinated fashion, it would not have to demand higher prices brought about by its own mechanisms.

6.6 The Impact of the ULO's Activities on Urban Land Development in Ahwaz.

Despite the many problems experienced by ULO in its activities, such as land tenure pattern, shortage of funds and management skills, the ULO made some noticeable and commendable impacts on urban land development in Ahwaz. Various residential and industrial/ commercial estates (schemes) were developed on the ULO's lands. Its role in the development of housing and basic urban infrastructure had been outstanding. Programmes of housing improvements have reached a much broader base of the population than was possible under the pre- revolutionary government. During a period of eight years (1979-1987) it acquired some 400 hectares of swamp and hill land, and by so doing, added to the city of Ahwaz a stock of land with substantial building potential. It acquired 860 hectares of undeveloped land, it prepared and sold 21,700 plots of land, comprising 540 hectares in area, to households and private developers (individuals, cooperatives and Article 67's contractors), but principally ^{to} owner-occupiers.

New p. → According to the report issued by the Statistics Centre of Iran in 1985, 3,860 cooperative settlements with nearly 700,000 members were established in the country since 1979. Fifty percent of these cooperatives acquired 740 hectares of residential land from the ULO. Fifteen percent

of them obtained loans from state banks (Bank-e- Markazi, 1985). An amount of 4,223 hectares of housing land was acquired by individuals, which resulted in the construction of 160,000 dwelling units (Ibid, 1985). According to the 1986 census of Iran, from the total existing urban dwellings in the country, 55.4 percent were completed between 1980 and 1986 (PBO, 1986). As a corollary to these, it had been instrumental in individualising urban land ownership to a significant extent through registration of title to lands that came under its management and distribution of such land to individuals. All ULO's operational areas or schemes are within what is classified as the legal limit of the cities.

In addition to the allocation of residential land, 4,205 plots of commercial and industrial land, covering 870 hectares, had been developed in Iran between 1982-1984. The presence of the ULO in the Iran urban areas was very prominent because of the volume of work which the ULO had undertaken, and, more certainly, because of the controversies it had evoked in the process.

6.7 Urban Land Law and its Implication for the ULO.

The ULO is best characterised as a policy - implementing agency for the supply of land - particularly residential land. Thus it is subject to the overall direction of Iranian land policy. Consequently the basic direction of Urban Land Organization's land policy is derived from the Constitutional housing policy.

6.8 Conclusion.

The main immediate legacy of urban land reform in Iran from 1979, was confusion and uncertainty. The doctrinal and constitutional disputes over land and property remained unsolved. Because of unauthorised seizures, laws were approved and then struck down, and distribution programmes begun and then suspended. A very large amount of land remained in dispute between landowners, private citizens and the government. Many who received land, often without title deed, could not be certain they would be permitted to keep it.

The overriding powers of the ULO over practically everything and everybody in the arena of urban land, including the municipality, could have resolved the land question, or at least made the rationalisation of the land use and tenure problem much easier. This is more likely considering the provision of articles 5 to 10 of the ULL, which gives blanket powers to the Organization, in the name of public interests, to take control of any land required for public purposes. But all too often, the potential capabilities of legal powers are very different from the realisation of the interests and objectives of those powers.

The legislative powers of the Organization over urban land was not an exception to this. Despite its sweeping powers of compulsory acquisition, the Organization did not seem to find it any easier acquiring land, than did any other individuals or illegal private developers.

According to the Islamic concept, public and private bodies can enter the market on an equal footing; in practice there was no legal land market at all in Iran. The Islamic Republic has banned any urban land sales except by or to the government. Furthermore, the ULL gave private owners a time-span of three years from 1981 (the ratification date of the law), to develop their land. The undeveloped (Bayeer) land shall be expropriated by the state after the expiration of that time.

Theoretically, by the end of the given period therefore, all lands within urban areas, ^{Waste} either developed or owned by state. In practice, up until recently, the Organization had to go through all expropriation procedures for acquiring a piece of land, which theoretically was supposed to be in its possession. This could be another sign of the failure of the Organization in achieving what it calls urban land management objectives.

One of the central themes of this thesis is that the simple exercise of public legislation or legal powers, no matter what ideology is behind it, does not as such necessarily solve the objective problems, or by itself necessarily bring about desired goals and objectives. Taking the experience in developed socialist countries into consideration, appropriate, stable, and lasting changes in the land management would seem to come about essentially by evolutionary methods and processes, carried out with the cooperation of the people, rather than by authoritarian methods imposed from above.

In brief, the impact of ULO's sources of urban land in Iran accounted for about 50 per cent of annual land supply during the relevant period, the bulk of the individuals' excess land was still in private hands. This chapter also noted that, while the prices for ULO lands were getting higher on a day-to-day basis, they were still many times lower than the market prices. Site preparation costs made up on average 50-70 per cent of ULO land costs/prices, as the ULO is required to reflect all those costs in its sale prices. ULO takes into account the costs of all works, development and overhead expenses for the land sold. This explains the ULO's pricing principle, in cases where government subsidies are applied as a matter of policy. It is too early to judge whether the law and its machinery have been well used to accomplish the intended long term goals. Despite the many problems experienced by the ULO, nevertheless, existing evidence indicates that the impact of the ULO activities on land development was considerable and the quantitative goals in land acquisition, distribution and development of housing and infrastructure have been met satisfactorily. This demonstrates that the ULO is basically capable of attaining its most essential objective. However, there are two additional issues that must be investigated to gauge the successful or otherwise operation of the ULL as implemented by the ULO. The first is the distributional aspects of the policy and its implications for low-income families. The second is a careful examination of the efficiency or otherwise of the ULO's form of land development as well as provision of basic services. These would reveal the equity and efficiency aspects of the

ULL, which are fundamental in any given policy.

CHAPTER SEVEN

DISTRIBUTION OF LAND AND LAND DEVELOPMENT BY THE ULO

7.1 Introduction

The distributional aspects of the ULO's land resources, the efficiency and equity of this distribution and its land development practices are considered in this chapter. This will involve examination of the ULO's outputs of land and housing, the process of allocation to beneficiaries and the implications of these to the resolution of the urban land and housing problem. It is concluded that the ULO's distribution of its land resources was significantly regressive in terms of the resources of beneficiaries and that the forms of development involved were inefficient in the use of urban land.

7.2 Ahwaz: Employment and Income Distribution Structure.

Ahwaz had grown up as both the provincial administrative centre and industrial and commercial hub of the southwest region of the country. Owing to its employment potential it attracted many in-migrants (13% of total population). Unfortunately this increased pressure on housing and other social problems. Its employment structure consists broadly of civil servants, industrial and commercial workers (Table VII-1).

Over half of the labour force in 1986 was employed by government or quasi-government establishments while over one-quarter were employed in industry and commerce. The

self-employed were the next largest group, with about 12 percent of the employees. These were composed mainly of traders and other services-workers (Iran National Census 1986). Only 28 percent of the labour forces were in the

Table VII-1

Employed Population by Sector in Ahwaz, 1976 and 1986

<u>Sector</u>	<u>No. of Employees</u>		<u>Percentage</u>	
	<u>1976</u>	<u>1986</u>	<u>1976</u>	<u>1986</u>
Agriculture	1045	5384	1.4	5.2
Mining	7933	8076	10.4	7.8
Industry	10313	16358	13.5	15.8
Construction	8533	4763	11.2	4.6
Water and Electricity	3082	5694	4.0	5.5
Commercial & Trades	8418	9007	11.0	8.7
Storage	7735	7351	10.2	7.1
Services	27892	34477	36.6	33.3
<u>Undetermined</u>	<u>1275</u>	<u>12424</u>	<u>1.7</u>	<u>12.0</u>

Source: National Censuses of Population and Housing 1976 and 1986.

'professional and technical' group which received between 700,000 rials and 1,100,000 rials per annum in the early 1980s. A relatively small middle class earned between 550,000 and 849,000 rials per annum, and the much larger class of low paid (low-income) workers earned below 550,000 rials per year (1 pound = 220 rials in 1979).

Given these facts, if a maximum of 550,000 rials per annum is assumed to be the upper limit of a low income at the time, it meant that nearly 48 percent of the total

(102,466) households of Ahwaz were in the low-income group. The middle-income group were people who earned between 550,000 and 1,000,000 rials from regular wages and salaries. Only 42 percent of households fell into this group. Moreover, only ten percent of Ahwaz's households earned more than 1,200,000 rials per year (Table VII-2).

Table VII-2
Ahwaz Income Distribution (per annum) in 1984

Income (1000 rials)	No. of H.H.	Percent
less than 250,000	9325	9.1
250-399	12910	12.6
400-549	26744	26.1
550-699	20186	19.7
700-849	13833	13.5
850-1000	9222	9.0
<u>Over 1000</u>	<u>10246</u>	<u>10.0</u>
<u>Total</u>	<u>102466</u>	<u>100.0</u>

H. H. = Household.

Source: A Sample Survey of Population and
Housing in Ahwaz. A report by
Pezhuhesh Consulting Engineers
Group, 1984.

The distribution was extremely skewed with the modal income group being the 400-550 income group. The median income was 580 which implies that there were as many people below this income as were above it at that time; the median income is lower than the mean income.

To gain a full appreciation of their implications for accessibility to the ULO's lands under discussion, these income levels and their distribution structure have to be seen in relation to the cost of living as indicated by the consumer price indices for Iran from 1979-1981. In addition to a consistent annual increase, the weighted *annual growth rate* for expenditure on accommodation was clearly and consistently above the weighted *annual* average for total expenditures throughout the late 1970s and early 1980s (Table VII-3). The same persistent annual increases in the cost of housing continued through the 1980s (Table VII-4), with no less than 4 percent points annual increase throughout the period. In Ahwaz, despite the generally low quality of housing, the monthly rent rate increased from 50.4 percent to 119.2 percent over the eight years from 1970 to 1978. Rent as a proportion of income of the residents of Ahwaz had risen from between 13-19 percent in the late 1970s to between 30-40 percent for all income groups in mid-1980s (MHUD, 1980) .

The 1985 report of the Central Bank noted that rents had moved in step with the general government price level, if not faster. However, it has been observed that, "what has made rent such a sensitive issue is not so much its rate of increase, but rather the fact that it accounts for a substantial proportion of total consumer spending", (Central Bank, 1985). This, of course, is due to the fact that there was and still is an acute housing shortage.

Table VII-3
Average Annual Growth Rates of the
Consumer Price Index by Major Groups

(1974 = 100)

year	1979	1980	1981
Food	207.4	267.5	344.8
Housing	224.3	211.9	227.3
Clothing	163.6	187.2	232.1
H.H. furnishing	171.8	219.8	290.4
Communication & transport	193.4	249.4	328.4
Health & medical care	113.4	127.0	144.7
Recreation & education	196.3	242.5	297.9
Total index			

Source: Bank-e Markazi, Economic Report & Balance Sheet, 1979-81, Tehran, Iran.

Table VII-4
Housing Price Index in Iran 1979-1983

	1979	1980	1981	1982	1983
Housing & Energy	205.5	220.4	241.9	271.7	224.0
Building Materials	141.7	173.5	197.5	192.6	224.2
<u>Labour Wages</u>	<u>337.3</u>	<u>450.5</u>	<u>523.6</u>	<u>631.0</u>	<u>861.4</u>

Price index in 1973= 100

Source: MHUD, Housing Condition in Iran, 1983.

Although for various reasons the government's institutions in general, and the oil company in particular are often a high cost purchaser as well as a high price renter, the rents would still be considered exceedingly high, even when the additional cost arising from the

government's "bad bargain" has been taken into consideration. The oil company, for instance, pays its employee 5 million rials (1 pound = 220 rials, in 1979) to purchase a house, while the maximum loan given by the banks was three million rials. The relevant point, however, is that what the government pays for accommodation affects the general rent level, as builders and developers take the cue and prefer to rent or sell only to the government rather than to private individuals. Supplies too are channelled by builders and developers to the type of houses or accommodation that the middle and high income groups prefer. The resulting reduction or withdrawal of investment from low-cost housing, that the majority of people demand, means that the government is pushing the ordinary citizen out of the housing market and thereby further exacerbating the problem. This is much more serious because of the magnitude of housing demanded and rented by the government to meet its present extended institutions' building needs for accommodating their employees.

This situation is similar to earlier reports by the World Bank about developing countries. The report noted that "private investors prefer to build for high income buyers or tenants who could afford to give them a good return on their investments. This inevitably led to a bias against low-income groups. In the context of a development plan, this had an undesirable effect, that is, it made the gap between rich and poor more obvious than it had been in the past. It also tended to increase the demand for imports" (WBRD, 1965).

7.3 Criteria and Process of Allocation.

The Government's policy objective is the first factor determining the beneficiaries as the homeless population, giving priority to low-income families. Whether the actual distribution is allocated strictly to the intended beneficiary group is another matter. It is not surprising that there is always a wide gap between the official stated objective and the actual application of those objectives, particularly with respect to low-income housing beneficiaries. The ULO's schemes or projects were not explicitly stated with respect to a particular beneficiary group instead, they became clear from the provision statements and actions of the ULO as each scheme was implemented. A careful examination of the Urban Land Law and its provision, along with the percentage of land plots allocated, gave a fairly good idea of benefit distribution among income groups, (Table VII-5).

Middle and high income families constitute between 40-50 percent of the urban population of Ahwaz (Central Bank, 1985), and they have acquired nearly 80% of the total land and housing distributed by the Urban Land Organization. Taking the land and housing distribution schemes after 1979, and the Urban Land Law stated objectives, broadly 91.4 percent of houses and 74.2 percent of land schemes were allocated to middle and high-income families, people who can never be considered for any future subsidised schemes as they have the means to purchase a house. Only 8.5 percent of houses and 23.0% of land were given to low-income families. As it can be seen, although the priority

of the land and housing distribution policy aimed specially to serve the low-income people, in practice these were not the people who benefited.

Table VII-5
Beneficiaries of ULO's Land and Housing
Allocation Schemes.

Types of Plots distribution		Completed		total	
<u>Individual</u>	<u>Cooperative</u>	<u>%</u>	<u>houses</u>	<u>%</u>	<u>sample</u>
No. of Sample	300	300	100.0	100	100.0
Low-income*	69	84	25.5	08	23.0
Middle-income	196	210	67.5	85	67.6
<u>High-income</u>	<u>36</u>	<u>06</u>	<u>06.8</u>	<u>07</u>	<u>6.9</u>

Sample survey carried out by the researcher in 1987.

* Income groups defined in chapter eight.

The second factor that influenced the beneficiary distribution of the ULO's land and housing resources was the criteria for allocation of such resources. While this factor is closely related to the first one, it could differ in actual application or implementation. The law for example stipulated that land and housing applicants should be subject to regulation of Article 65 which defines the group that should benefit, and ostensibly all persons not within that group should not benefit from the policy. Article 65 reads:

1. "The applicant must have not less than 5 years continuous residence (10 years for Tehran), in the city-

This would exclude recent migrants, and was meant possibly to discourage migration into the cities.

2. The applicant and his family should have no urban land or house within the country. Also, he should not have sold a house or urban land during the last 5 years (since 1979).

3. The applicant must be financially able to pay for the cost of land and dwelling construction", (ULL, 1982).

The implications of these regulations is the exclusion of low-income families, as the latter lack the finance to buy the land and pay for construction. As far as the law is concerned, no specific provisions for the poor were made.

The only designated schemes as 'low-cost houses for low-income people' were under Article 67, but in practice these were far beyond the reach of these group due to the high prices. The insufficient provision of houses under this article and the consequent subjectivity of the choice of beneficiaries provides a good illustration of how easy it is to sidetrack objective criteria in the implementation process, and thus cause divergence between intended policy goals and their final outcome in practice. Owing to the shortage of building plots relative to increasing demand, the ULO adopted a "points" priority system based on financial capability, length of residence in the city and size of family. A Ballot system was used for allocating plots.

The result was that the income limit criterion was side-tracked, presumably because too many people qualified under that criterion. Many more people became eligible theoretically under the revised criteria used in the 'point' rating system. People not of low income could fit into the three rating criteria, including people with middle and moderate income. Even the methods of determining the veracity and authenticity of those claiming to meet these criteria remained very much open to question. Because low-income land distribution was generally highly subsidised by means of capital grants from the government, there was always heated competition to get them even by high income persons. With the objective income criterion dispensed with, or at best relegated to the background, subjective criteria and the personal interest of those doing the allocations prevailed. As can be seen from the result in chapter eight, many of those who ultimately benefited from the so-called low-income land distribution or from housing officially set aside for low-income people were in fact not low-income.

The ULO, using the pretext of securing land development, denied access to land by low-income families in Ahwaz. Thus, it means that scarcity, competition, and discrimination are inseparable and still prevailed and dominated ULO distribution system. The result in such cases is that the officially stated goals are ignored and lost.

The third set of factors that determine the

beneficiaries of the ULO's land and houses is the conditions for allocation and the terms of the covenant that the prospective beneficiary is expected to fulfil. Ostensibly, any member of the public covered by Article 65 can apply and be allocated a plot, but in practice the condition and criteria of allocation excludes by implication certain economic groups from getting land. Generally, the ULO's allocation office is principally guided by applicants' ability to pay for the plots or houses and ability to develop the land within a reasonable time (15 months). Many of these schemes had been financed by bank loans which have to be repaid within 10-15 years. The means of ensuring re-payments of the loans to banks within the stipulated periods therefore was the basis on which to sell the plots of land or houses to applicants. The condition for obtaining a bank loan generally included among other things:

a) The ability to deposit 20% of the total costs of the dwelling construction and to make a regular monthly payment of between 25-50 per cent of monthly income. This curtails low-income families' access to credit. In Ahwaz, for instance, the low-income families' share of the total loan granted was 21 per cent, compared to 79 per cent for middle and high income people. Thus low-income families had less access to banks' loans, and so less chance of obtaining ULO's land plots.

b) The applicant's monthly payment must be guaranteed by his employer or other official sponsor. In this respect the applicant should be preferably a wage or salary

earner. It helps if the applicant is an employee of the government or its agencies, as these categories are more likely to be eligible for monthly payment. This implies that unemployed low-income families or non government low-income employees, were once again denied accessibility to housing credit. Consequently it would seem that housing policy implementation in Iran is catering for government employees who accounted for 77 percent of plots and nearly half the homes (Table VII-6). Furthermore, mortgage and other housing credit facilities in the country were designed for the benefit of those who could get their lands and houses from the ULO.

Table VII-6

Land and housing Beneficiaries by Occupation.

Occupation	<u>L a n d</u> completed			
	Individual	Cooperatives	houses	percent
Unemployed	50	-	17	9.6
Self-employed	43	2	29	10.5
Private employees	14	30	-	6.3
<u>Government employees</u>	<u>193</u>	<u>268</u>	<u>54</u>	<u>73.6</u>
<u>Total sample</u>	<u>300</u>	<u>300</u>	<u>100</u>	<u>100.0</u>

Source: Field work sample by the researcher.

c) The applicant must be under 50 years of age, since he is required to be able to amortise the whole loan before the age of 65, the official retirement age in the country.

An applicant who is over 50 years of age, of low-income, or is not a wage or salary earner, requires a deposit and guarantor with collateral acceptable to the

banks. The very limited amount of credit available to would-be low-income land and housing purchasers or home builders therefore contributed powerfully to limiting their access to the urban and housing opportunities offered by the Urban Land Organization. The proportion of the distributed land and housing and loans to people over 50 years of age was 10 percent and 6 percent respectively, although this age group represented 16 percent of the total population of 20 years of age and over in Ahwaz.

The criteria and conditions of allocation of plots or housing to prospective applicants is summed up in the declaration which the ULO requires applicants to sign. It reads: "I wish to purchase a freehold plot of land with the details and conditions set out in this contract...I understand and undertake to apply for a building permit within three months of its being allocated to me and commence building on the plot and complete it within the time span of one year; I will not sell the land plot, or any part of it in less than 5 years after completion, therefore, without the written authority of the ULO. I understand that in the events of my not complying with these conditions, the allocation may be withdrawn from me by the ULO after notice. The withdrawal shall involve no legal action by the court, and it will be carried out by the ULO itself, (ULO's temporary contract, 1987).

From these conditions, it is clear that a prospective beneficiary has to have a fairly strong resource base to qualify for allocation. It seems the greater proportion of

the ULO's schemes were specifically designed for people with the ability to pay. This sounds reasonable but public lands are by definition subsidised and this class was very small in relation to the rest of the urban population. The middle and high income class for whom over 75% of the ULO's schemes were devoted constituted less than 2/3 of the urban working population of Ahwaz. If the criteria for access in the Islamic way of public land management and ownership is that of the "highest bidder wins" or "ability to pay", then it is not better than the capitalist market system that it seeks to correct or replace.

7.4 Pattern of Distribution.

Given the above conditions, specifications and criteria, inferences could be made with respect to what type and what proportion of people could benefit from the ULO's land resources. They would in all probability be those who can afford to pay for them and can afford to develop them as required- that is, 30-40 percent of the population that could afford to meet these conditions. At first, this sounds very reasonable. It makes sense to allocate lands to those who can afford to pay for them and can develop such land with a view to providing more housing to the city, particularly freehold housing for all segments of the urban population. But it is ^{an} inevitable conclusion to state that the ULO's land and housing were not oriented in the direction of increasing housing supplies to all segments of the population, nor were they oriented to the segment where the need was greater. About 50 percent of

the urban population could not possibly meet the ULO's specifications and criteria for the allocation of most of its lands and houses.

Most of the freehold houses built in accordance with Article 67 of the Law were relatively high cost and only the high and middle income persons could afford to pay for them. The ULO explained that "the ULO is pursuing this policy in order to increase housing standards and meet the continuous housing demand in Iran for those who can never be considered for any further subsidised housing schemes" (ULO, 1987). Theoretically, poor people can apply for subsidised housing, under other government institutions', in practice, there was no such a housing scheme hitherto. This implies that the middle and upper-income groups would have to be provided for first and now, whilst the poor, who presumably were certain to be subsidised, had to wait. The underlying rationale for such reasoning is difficult to understand particularly in the Islamic context of social equity in which equity comes first and where "the poor have their share in the wealth of rich people", (Qur-an, 80:19). Moreover, 50 per cent of completed houses in each housing allocation project were granted to the contractor for free sale anyway.

The ULO had argued that the short-term (one year) loans for their land development (Article 67), were secured from the state's banks and that it was in the interest of the contractor who acquired such a loan to dispose of these houses as quickly as possible, so as to reduce the document (interest), charge and to secure a further deal

with the ULO (ULO, 1987). The conditions and model of payments, for the individual beneficiaries of these schemes, were also designed to achieve this quick recovery of costs, though within 5 years, which underscores the point made earlier that the freehold mode of public land distribution favours only the economically strong who are able to make heavy down payments.

Thus, during this period (1979-1986), the only housing projects designated for low-cost housing by the ULO (which is not necessarily synonymous with low-income housing) are the Article 67 schemes, or what was called 'state-private schemes'. These constituted two per cent of the ULO's land development during 1982-1986. Although these schemes were designated for low-income residents, the conditions and criteria for their allocation ensured that many of the beneficiaries were not the low-income groups. Generally during extreme shortages of housing, (as have been perpetually experienced in Ahwaz where all economic groups except the very rich suffer from the lack of housing), subsidised houses seldom go to those for whom they are intended. In this case many middle-class families repurchased houses from poorer families who lacked the resources to make regular payments on their plots or houses or to pay for urban services, even though most of these property transfers were illegal under government (the ULO regulations).

The ULO outlined in the first years of implementation a set of guidelines for tackling the close inter-relatedness of housing and land as follows:

a) "it is intended to prepare land for housing the homeless population, giving priority to those in lower income. Land will be allocated free of charge to those who cannot afford to pay the land cost, (this was cancelled within the early months of its issue).

b) Private individuals and companies were encouraged to invest their excess land or capital for low-cost housing construction, (Article 67). It was assumed that this scheme would help to provide low-income families with access to low-cost housing" (ULO, 1982).

These policies, despite the good intentions, served more the upper and middle-income groups with little help to the low-income people, which is not surprising because these are the groups that make and implement the policies. The ULO management seemed therefore, by use of public legal instruments, to have been assembling land for the elite which they could not assemble for themselves.

The ULO's plots, backed as they were by government instruments, had the best titles in a context where legal titles to purchased lands are hard to attain. Coupled with this is the fact that they sold at less than the private real estate market (illegal) prices- the stated government policy being ".... to sell government-owned building plots at a reserve price of less than 60 percent the present market value being fixed" (MHUD, 1980). The result was a lot of trafficking in ULO's land, as these professionals used their power and influence to obtain such lands and re-sell them at enormous profits to

themselves. The ULO itself acknowledged that 40 per cent of the plots were changing hands before development. Yet there is no official record of such land transfer as it is illegal.

Table VII-7 shows the sharp difference between the prices of land in both public and private markets. Such racketeering certainly underscores the criticism of land banking, to the effect that, "the existence of public corporations with broad powers of land acquisition requires a high level of public confidence in the integrity of the civil servants concerned. And that, for developing countries, land banking raises serious question on civil service incorruptibility on the disposal as well as the acquisition side of the process" (Doebele, 1974: 111). These sales, and these official privileges that permitted them, were on lands that had been compulsorily (and often forcibly) acquired from their owners by the invocation of 'public purpose' instruments. The ULO, appeared helpless in handling such situations, even though specific clauses in the covenants stipulated that lands received from the ULO could not be transferred or sold without the written permission of the ULO.

The ULO was not enthusiastic to investigate the matter or to prevent such transfer when plots were not recorded officially. After all, the ULO had the power of compulsory acquisition: "These facts tend to underscore the point often made by the opponents of public ownership or management of land, to the effect that public ownership or management simply personifies the state in a few fallible

human beings who often use such state powers to enrich themselves, leaving the government public interest the loser in many cases" (Walters, 1974).

Table VII-7

Price of Land by zone in the ULO and Real Estate market
in Ahwaz 1987. (in rial)

zone	Market Price(a)	ULO's price(b)	difference
1	70,000	25,000	45,000
2	40,000	3,500	36,500
3	50,000	3,500	46,500
4	25,000	1,200	23,800
5	15,000	950	14,050
6	12,000	1150	10,850
7	10,000	850	9,150
8	25,000	2,200	22,800
9	15,000	1,500	13,500
10	1,000	85	915
11	18,000	2,500	15,500
<u>12</u>	<u>2,500</u>	<u>500</u>	<u>2,000</u>

Source: (a) Real Estate Survey by the researcher,
1987. (b) The ULO,s Price Booklet, 1987.

The equity of the process and criteria that exclude a great number of people from access to land, simply on the grounds of inadequate incomes or imposed standards, remained very questionable. This is more so when the eventual beneficiaries make fortunes out of the plots by manipulation of public instruments or by taking undue advantages of the loop-holes in the letter of the law.

It was not certain that the state had the interests of the 'common man' in its urban land and housing policies during this period. According to a government statement "the government has tended to leave the housing field almost wholly to private effort, restricting itself to the provision of a limited number of land plots for those who can afford them" (MHUD, 1983). Owing to the failure of the private sector in providing low and middle class housing, 1983 saw increased, though still rather limited, intervention by government in the provision of housing. This took the form of the development of fully subsidised low-income houses, and a number of middle class housing estates, using banks and other government institution investment and participation, as well as the introduction of interest free bank loans for contractors and builders. The government employees' housing loan scheme was also designed to promote owner-occupation by allocating council houses to them. Although the government in theory accepted social responsibility for providing houses for the masses, in practice it did not participate actively in mass housing programmes, apart from residential plots schemes and Article 67 houses scheme.

Seen, therefore, in the light of the privileges which the majority of government employees had for purchasing plots at reduced rates, it was not surprising that those who had no need for these plots found it possible to purchase them nevertheless at a low price and sell or transfer them to a member of the public at prices much higher than they paid for them. The loans used for purchase and constructing, as a matter of policy, cost

only four per cent (document charge), with no deposit requirement, although the latter was vital for non-government employees to acquire a loan. It is worth noting that banks in Iran charge different rates on loans granted to different socio-economic groups. The full rate charge of Iranian banking loans' at the time was four per cent for government employees, seven per cent for 'martyr' families, ten per cent for deposit holders and twelve per cent for other socio-economic groups. This means that government employees and martyr families' access to ULO lands was subsidised.

7.5 ULO's Land Development Programme.

Closely related to the question of land supply is the density of housing development. The lower the density, the greater the amount of land needed for a given quantity of housing; conversely, the higher the density, the smaller the amount of land needed. Given the fact that land resources for housing construction are limited in urban areas, higher residential densities mean more efficient use of land as more houses can be constructed. The criteria and conditions for obtaining land from the ULO emphasise development of owner-occupied single family houses. Apartment development was not encouraged. Ostensibly, the ULO was pursuing a policy of improving the quality of housing in the densely populated urban areas. As overcrowding was the most serious housing problem, the ULO might have thought that low density development and putting restrictions on occupancy rates was an effective way to improve housing quality. In a situation of acute

housing shortage however, improvements in housing standards are generally only possible when the production of new housing has caught up with the housing deficit. Moreover, in addition to the physical shortage of housing as such, the housing problem is often essentially an income problem, and one of the major goals of public urban land management policy has been to facilitate access to urban land and housing for those with income problems.

The ULO's conception of land development and its appreciation of the problems is best demonstrated in its land development and houses constructed under Article 67. In most of these developments, as already pointed out, the middle and high income were the major target groups, by virtue of the prices of the land and houses in relation to the general income levels. A careful examination of the type of houses built on the ULO's land under its freehold housing schemes, reveals that all the developments were semi-detached single-family bungalows, (Plate VII-1). These represented about 98 percent of all houses built by cooperative settlements and individuals during 1979-1986 in Ahwaz as well. The cost of houses built by the ULO was too high to be afforded by nearly half of the city's population- the low-income group.

Public urban land policy is said to make for efficiency in land use and management- efficiency in this context implying maximum use of the land available without increasing environmental dangers. Higher residential densities could be minimised without necessarily endangering the environment. Low densities are not

Plate VII-1



Type of Houses Built on the ULO's Land Under its Freehold Housing Schemes, Keyan Pars, Ahwaz.

necessarily synonymous with a good quality environment. Greater efficiency in land development and housing units production could have been achieved by devoting more land to higher density development.

The degree of efficiency involved in ULO's forms and types of development can be inferred from a comparison of the ULO's adopted housing types and residential densities, and the standard densities (that are obtainable from other housing types and characters) for conventionally acceptable aesthetic and environmental qualities. The ULO confirms that their freehold houses were developed at low densities of 11-16 units per hectare. In the low-cost housing blocks constructed by Russia in Ahwaz in 1975, for example, each contain four housing units and at about 12 blocks per hectare, providing about 48 houses units per hectare- a difference of at least 30 more housing units per hectare in freehold housing schemes. On the basis of these comparisons it is possible to calculate the land waste or inefficiency of the ULO's forms of land development which is rendered more poignant by the fact that 41 per cent of households in Ahwaz occupied only one room in 1986. With the right priorities, one would have expected the ULO to emphasise apartment housing rather than semi-detached housing types, where such needs and demands existed, particularly with the very high average room occupancy rate of 3.1 persons per room in the city.

While it is true that setting high construction standards for the housing of the poor in cities may be excusable and some time even desirable on human grounds,

it will inevitably turn out to be mistaken and counter-productive because the resources do not exist to bring those high standards to enough people. The policy would succeed only in keeping a high proportion of people from even the most basic form of shelter, and ultimately would encourage overcrowding and slums. The paradox in the housing situation is that quality has been rising at the expense of quantity, and, in this situation, the low-income people are at a considerable disadvantage.

Land is a scarce resource, argue proponents of public ownership of urban land, "whose management should be subject to public surveillance or control in the interest of the nation" (UN, 1976:62). This, then, should imply that public management itself should be economical and more efficient in the use or collection of this scarce resource. The ULO or any other public agencies' sense of priority and appreciation of the prevailing problems in developing low density, single-family semi-detached forms of housing in a densely populated urban centre such as Ahwaz, should therefore, be seriously questioned. In order to cope with the situation, public purpose action would have been expected to aim at measures to ensure the accommodation of the greatest number possible in its land and housing distribution programme. This would have called for emphasis on apartment type housing in multi-buildings rather than on low density single family housing that tended to waste a great deal of the scarce urban land.

7.6 The ULO's Land Development and its Implications for the Solution of Housing Problems.

The low-density development policy, concentration placed on semi-detached houses, coupled with the "home ownership" policy, which implied lands and houses should necessarily be owned by beneficiaries, were counter-productive for the ULO's land management goals and objectives.

This policy was a mis-orientation of priorities and was wasteful of land for many reasons. Firstly, it inhibited and minimised the development of multi-family storey blocks of apartments because the land was divided in such a way that it did not permit any other alternative house building. Although multi-family share of a plot of land was produced^{for} by the Urban Land Law, it was not practised by the ULO at all. By a predominant use of this type of land development, the ULO wasted a lot of the lands its obtained. Secondly, the policy of "home ownership" was a misorientation of priorities because the average Iranian urbanite has rural roots and does not consider the city as a permanent "home", but rather a place of work which he would leave on retirement for his town or village which he considers as home. Most people then are satisfied with decent rental housing for the period of time they live in the city. This is evident from the fact that most migrant city dwellers when they have money to build a house, they invest such money in building a house in their birth place to which they ultimately return. Even then, neither the ULO nor the government itself can ever be in the financial position to help everyone or even most of the citizens in

cities to own a house in the city. It becomes then very questionable whether the general tax payers' money should be used to help a relatively few people to own houses.

The third reason was that there are always more people who require houses for rent and can rent them, than those who require them to own and are able to own them. Even then, a great majority of the people who needed housing in the city could not be in the financial position to fulfil the conditions required by the ULO for purchase of its houses or plots of land.

The corollary policy of low-density development had the effect of making such housing development more costly than they would be with alternative (high density) forms of development, because low-density development has the tendency to be relatively lavish with land, and therefore involves spending more for land. Unlike low-density developments, in apartment type, for example, more units are produced on a given piece of land than otherwise would have been occupied by only one family on one housing unit. This would distribute the costs of land over many more housing units, thus reducing the per unit cost of land, at the same time accommodating more families.

The low-density mode of development unnecessarily spreads the city over a wider area with consequent dis-economies in the provision of necessary municipal services. Such a low density approach would usually call for more money to be spent on the construction and maintenance of more miles of roads and streets, more miles

of pipes for water and sewage, larger number of poles and greater length of cable for electricity and telephone, thus making it more expensive to provide necessary services to all the areas as discussed in chapter eight.

7.7 Conclusion

The conditions and criteria of the ULO's land and housing allocations restricted accessibility to the general population. They did not encourage substantial production of housing which the situation called for at the time. The ULO's emphasis was unduly oriented in favour of the 'middle and upper income groups', who could afford to pay the ULO's prices, and meet the development requirements. Considering the very high cost of the land preparation and servicing which had to be reflected in the sale price of the ULO's land, and considering the general income levels and distribution structure, the ULO's land management and development practices were not favourable to the overwhelming majority of the urban population who were low-income and had limited access, if any, to credit facilities.

Although the ULO had made some important contributions, it was, however, not without substantial costs in resources, efficiency and equity. The unintended negative effects of its activities, sometimes to a great extent adversely affected the very goals it was striving to achieve. Where the ULO directly constructed housing, the emphasis, was on very low density single-family type houses. Obviously, these low density developments under

the acute urban land and housing shortages in the urban centres are considered uneconomical and limiting to the policy of providing housing to those in greater need.

In this respect, therefore, one could say that the ULO's management of urban land curtailed the supply of urban land as much, if not more, than the private land market, and if public authorities acquire most of the attractive land, and do not offer land to all groups which desperately need them, the Islamic management of land may tend to create an extra pressure of demand in the context of the lack of a legal land market. This implies that public authorities could create or exacerbate urban land problems by such actions rather than solve them.

It could also be said that the ULO's mode of land development and housing production aided congestion and environmental deterioration. This resulted from the ULO acquiring large tracts of land, but producing a very limited number of housing units from them. This meant withdrawing housing land from the already tight urban land market and thereby forestalling whatever might have been produced by the private market system, if such lands were not pre-empted by the ULO.

Furthermore, given the condition of qualifying for land purchase and its development or article 67 houses and their high costs, land and housing were only accessible to a very small proportion of the population, and this small proportion was not the strata of the population where the quantitative demand was most acute. The result was that

many more people crowded into existing units, thus increasing the potentials for "slumification" and environmental deterioration of the city - the "evils" which the policy and the ULO itself was initially created to remedy. In this sense, the paradox that "the best can be an enemy of the good" could be said to have been true with the ULO's predominant form and standard of land development.

CHAPTER EIGHT

ACCESS TO ULO's LAND AND HOUSING IN AHWAZ

8.1 Introduction

There are many ways and means by which housing facilities are made accessible to people. In this study, particular attention is given to the accessibility of urban land for housing the lower income groups. Accessibility to housing is here considered in terms of accessibility to land plots, funding and dwelling construction components such as building materials, technical help and overall services.

In this study housing and its surrounding environment provide the best evidence of whether an urban land policy is working. In fact, "it (housing) provides the best evidence of whether a society is working.", (McAuslan, 1987:124). In the other words, the prime objective of any effective policy to support low-income families is a land policy which ensure that their land needs and community requirements are met. As such, it is considered important that the people have access not only to housing, but housing with the necessary amenities such as water, electricity, and community services. Access to housing is related to questions of location of dwellings, tenureship and amenities available for the people living in that particular area. It is thus against this background that the impact of urban land policy in Iran is evaluated.

This chapter is divided into three major sections: household's composition and socio-economic characteristics

and their effects on accessibility to land and housing; method of housing constructions; and neighbourhood characteristics and effects on beneficiaries' level of satisfaction.

The first section is concerned with the socio-economic and demographic characteristics of the households and implications for the accessibility to land and housing distribution. This includes respondents' period of residence in the city, household size and structure, occupation and income. The respondents' accessibility to land and houses in terms of price, time and location are also studied. The second section considers the method used by respondents in constructing dwellings and the role of the government in encouraging such a housing construction strategy. This includes funding, provision of building materials, services and technical help. The final section deals with availability of facilities, access to essential services and the conditions and characteristics of the immediate neighbourhood surrounding the respondent's dwelling. This section will be followed by the overall levels of satisfaction.

8.2 Beneficiaries' Demographic, Socio-economic Characteristics and Length of Residence in the City.

Theoretically, ULO's lands are accessible to all groups of society. In practice however, many qualifications (such as demographic and socio-economic characteristics of the respondents), affected accessibility to land. The land distribution and housing policy was aimed at providing

receiving Cooperative form and the remaining 100 households received completed houses. The individual method served the greatest population (50.7%), over a third lived on Cooperatives, but only a few (9.4%) were accommodated by article 67. Thus, only a few houses serving a very small section of the population were provided, although they represented a high proportion of the available funds. Government housing construction (under article 67), does not seem a viable solution to housing problems.

The relatively low proportion of people in cooperatives means that they gave more access to salary earners of public and private institutions regardless of their family size. This is contrary to the ULO's distribution policy which emphasises serving greater number of people, and shows that it clearly undermined its own procedures to favour small families by stating that

Table VIII-1

Household Size by Subsample

	<u>Individs.</u>		<u>Coops.</u>		<u>Art. 67</u>		<u>T o t a l</u>		<u>a l</u>	
H.H	No	%	No	%	No	%	S.No	%	Ahz.*	%
~ 5	93	31.0	173	57.3	25	25	290	41.5	37,564	36.6
5-10	178	59.3	120	40.3	75	75	374	53.4	57,897	56.5
<u>10+</u>	<u>29</u>	<u>9.7</u>	<u>7</u>	<u>2.4</u>	<u>-</u>	<u>-</u>	<u>36</u>	<u>5.1</u>	<u>7,005</u>	<u>6.9</u>
<u>Total</u>	<u>300</u>	<u>100</u>	<u>300</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>700</u>	<u>100</u>	<u>102,466</u>	<u>100</u>
%	42.9		42.9		14.2					
Pop.	1722		135		317		3393		580728	
<u>%</u>	<u>50.7</u>		<u>39.9</u>		<u>9.4</u>		<u>100</u>		<u>100</u>	

* Ahz = Actual number of households in Ahwaz.

building plots and houses to reach a greater section of the population. The intended beneficiaries were people with large families of lower income and who had a long period of residence (more than 5 years). It will thus be important to find out if the ULO has been able to reach the targeted groups of population.

8.2.1 Household Size and Structure

Nearly three-quarters of our study population are nuclear families; the remainder are extended families. Larger families have priority in access to land and housing. In theory applicants with a large number of family members have quicker access to land. In reality, however, 42% of households were small (1-4 persons, while the national average size is 5 persons); and they made up 57% of cooperatives' beneficiaries (Table VIII- 1). In general individuals receiving land were found to have a larger average household size than the other two types of land distribution. This may be explained by the fact that more family resources are required for the acquisition of land and to construct a house, which is easier for larger families.

Land and housing were distributed by three methods, the Individual, Cooperative and under Article 67. The number of plots and houses distributed as well as the number and size of households served differed between the three. All sample households got one plot regardless of the size of the household. Of the total sample (700), 300 households received land by Individual method, 300

receiving Cooperative form and the remaining 100 households received completed houses. The individual method served the greatest population (50.7%), over a third lived on Cooperatives, but only a few (9.4%) were accommodated by article 67. Thus, only a few houses serving a very small section of the population were provided, although they represented a high proportion of the available funds. Government housing construction (under article 67), does not seem a viable solution to housing problems.

The relatively low proportion of people in cooperatives means that they gave more access to salary earners of public and private institutions regardless of their family size. This is contrary to the ULO's distribution policy which emphasises serving greater number of people, and shows that it clearly undermined its own procedures to favour small families by stating that

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H.H	No	%	No	%	No	%	S.No	%	Ahz.*	%
- 5	93	31.0	173	57.3	25	25	290	41.5	37,564	36.6
5-10	178	59.3	120	40.3	75	75	374	53.4	57,897	56.5
10+	29	9.7	7	2.4	-	-	36	5.1	7,005	6.9
<u>Total</u>	<u>300</u>	<u>100</u>	<u>300</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>700</u>	<u>100</u>	<u>102,466</u>	<u>100</u>
%	42.9		42.9		14.2					
Pop.	1722		135		317		3393		580728	
%	<u>50.7</u>		<u>39.9</u>		<u>9.4</u>		<u>100</u>		<u>100</u>	

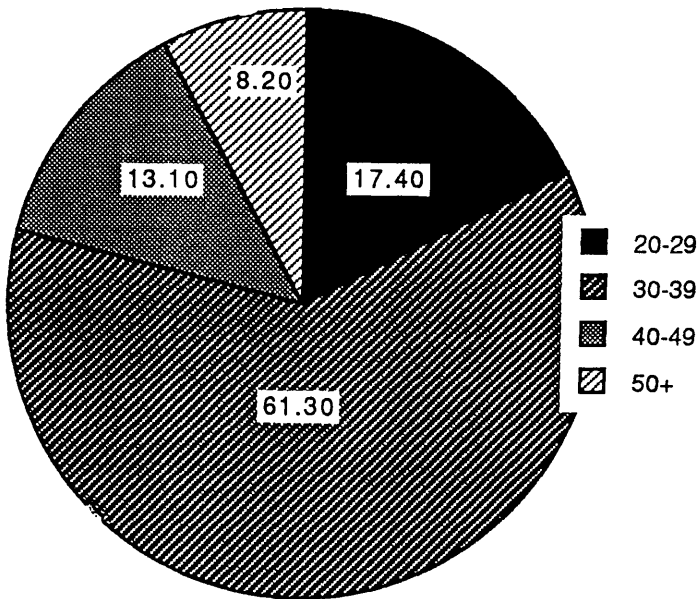
* Ahz = Actual number of households in Ahwaz.

the cooperative settlements are more eligible for land development and service provision.

Nearly two-thirds of the respondents were middle-aged, between 30 and 49 years of age; with 10 percent being over 50 years old; less than a fifth were under 29 years. The relatively low proportion of comparatively elderly people in the sample reflects the banks' criteria for granting loans which discriminate against them and in effect curtails their accessibility to urban land, (Fig. VIII-1).

Fig. VIII-1

Loan Distribution by Age Groups in Ahwaz



There are major differences between the distribution of the beneficiaries' ages and that of the local and national total population (Table VIII-2).

Table VIII-2

Beneficiaries' Access to Loan by Age Groups in Ahwaz.

Age Groups	National(%)	Local(%)	Sample(%)	Loans(no.)	(%)
20-29	20.30	24.45	16.4	98	17.4
30-39	28.91	29.53	60.0	344	61.3
40-49	17.96	18.10	13.4	74	13.1
<u>50+</u>	<u>32.82</u>	<u>27.92</u>	<u>10.2</u>	<u>45</u>	<u>8.2</u>
Total	100.0	100.0	100.0	561	100.0

The concentration of beneficiaries between 30-39 years (60%), in the sample can be explained by the fact that the majority were government employees. These age groups which are more likely to struggle to get their own houses. Those below 30 years, are relatively young and under not so much pressure to look for housing. The size of their family is likely to be smaller and with less capital for investments. In this aspect then, the ULO can be said to have achieved its aim of aiding a target population, those of middle age with larger families and with higher need for shelter.

8.2.2 Socio-economic Characteristics of Respondents.

Education levels are likely to correspond with income groups, higher education levels linked with higher

income groups. If this is true for Iran, the study area and the sample population, then there is a danger that the poor people as a target group will be missed.

Cross tabulation of education levels by income of the ULO's beneficiaries revealed that the poor are more heavily represented among those with no education and low levels of formal education, more than two thirds (69.5%) of the poor are those with little formal or no education (Table VIII-3). Those with a greater level of education have higher income, thus, if the ULO is going to favour those with education, the poor people are likely to be at a disadvantage as many of them have no education, and those with education, their levels are very low. The results of the survey show that more than two third of those who got land or housing were those with formal or higher education, the remainder of beneficiaries having only informal education or no education at all. This further confirms the fact that those with education and higher incomes are the ones who benefited from the land and housing policy, and only to some extent those with lower education and incomes.

As already stated, the majority of the respondents (73.5%) were government employees. Only a few (9.6%) of the respondents were unemployed with the remainder (16.9%) were non-government employees (Table_4). Beneficiaries' accessibility to ULO's land and housing distribution was different between those employed and non-employed, as well as between the different groups of working population. People in employment had most access. While 90 percent of

the sample were employed and had access to land and housing, the actual city's employed population was less than fifty percent of all working classes. The remaining unemployed respondents were highly disadvantaged by the land and housing distribution. It is clear that the land

Table VIII-3
Education Levels by Income (%)

	<u>Income</u>		<u>Level</u>	<u>T o t a l</u>		
Education:	Low	Middle	High	NA	No.	(%)
Illiterate	32.9	15.4	2.0		130	18.6
Formal Ed.	36.6	37.6	12.5		246	35.1
High Ed.	29.8	46.5	85.4		313	44.7
<u>NA</u>	<u>0.6</u>	<u>0.4</u>	<u>0.0</u>	<u>45</u>	<u>11</u>	<u>1.6</u>
Total	100.0	100.0	100.0	100.0	700	100.0
<u>No.</u>	<u>(161)</u>	<u>(473)</u>	<u>(48)</u>	<u>(18)</u>		

and housing distribution serves the employed population more, and only to a minor degree the unemployed. This arises from the fact that access to land and housing is facilitated by accessibility to bank credit. The employed people have greater accessibility to such credits, giving them a correspondingly higher level of accessibility to land and housing (Table VIII-4).

The land and housing distribution policy aimed at serving low-income groups more. So far, supplementary measures such as education and occupation have been used to evaluate whether this goal has been achieved. In this study, income groups have been divided into three: low-income, consisting of individuals earning below 50,000

Table VIII-4

Access to Resources by Occupational Status

	<u>Actual (%)</u>	<u>Sample</u>	<u>Access (%)</u>
Sectors:	Ahwaz	Land + House	Loan
Government	26.0	73.5	82.2
Private	11.8	6.3	5.8
Self-employed	29.7	10.6	7.5
<u>Unemployed</u>	<u>32.5</u>	<u>9.6</u>	<u>4.5</u>
Total No.	260651	700	561
<u>Percent</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

rials, the middle-income group earning between 50,000-100,000 rials, and the high-income group earning above 100,000 rials per month. Of the total respondents, 23 percent were in the low-income group, 67.6 percent in the middle income group and 6.9 percent in the high-income group. As the sample of respondents is taken from those who had benefited from the ULO's land and housing distribution, it is very obvious that the middle-income group benefited from this policy much more than any of the other groups. This was due to the fact that the government employees were mostly of the middle-income group, they had more accessible to information on land and housing distribution, and could qualify easily for bank credit. They could use their status as a government employee in the organization and acquisition of land and houses. It is thus not surprising that the government employees who mostly fall in the middle income group were dominant recipients of the land and housing policy in Iran, and in particular the study area of Ahwaz. Those of low-income were the most disadvantaged in this land and

housing distribution policy, a policy intended to serve them to the greater degree. The low-income category constitute a majority (47.8%) of the total population of Ahwaz, but ^{they represented} only 23 percent of them had access to the land and housing distributed ^{in this sample}. Thus, the intended target group to benefit from the land and housing policy in Iran was missed. The same trend also prevailed in all types of land and housing distribution systems, all favouring the middle-class, while this class represents only 42 percent of the actual population of (twenty years of age and over) in the city (Table VIII-5).

Table VIII-5

Land Accessibility by Income Groups in Ahwaz

Income Groups:	Individuals	Coops.	Art. 67	Total	Ahz (%)
Low	23.0	28.0	8.0	161	47.8
Middle	61.0	70.3	79.0	473	42.2
High	12.0	1.7	7.0	48	10.0
<u>Na</u>	<u>4.0</u>	<u>0.0</u>	<u>6.0</u>	<u>18</u>	<u>—</u>
Total No.	300	300	100	700	102466
<u>Total %</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Although the high-income group seems to be the most disadvantaged as regards accessibility to land and housing distribution, in reality this is not the case. This group consisting only a very minor section of the population. In addition to this, the high-income group, had several other options of obtaining land and housing informally, besides the legal ways. They can use their money to purchase land or houses from the poorer section of the

population who may be able to acquire the land legally but may not have the ability to develop it. They thus exchange the land unofficially. During 1982-86, forty percent of the distributed land plots in Ahwaz changed hands illegally before being developed (ULO, 1986). The people with high-income can also use their wealth to corrupt the whole system in acquiring land and housing, or to purchase houses from contractors.

8.2.3 Length of Residence in the City.

In theory, ULO's land and housing are accessible only to applicants who have resided more than five years in the particular city. In practice, however, while it was found that the majority of responses (78.4%), were from people who have resided in the city for more than 5 years, it was noted that more recent migrants have not totally been excluded as the policy stipulated, as a relatively high percent (21.6%), of the recipients were recent migrants. This possibly arises from the fact that, for example, government employees qualify after only one year's residence. This, encouraged some government employees who were not in urgent need of land or housing to migrate and apply for help as they sought to benefit from the policy (Table VIII-6).

The high proportion of state employees is reflected in the levels of education attained. People with education have greater access to information and opportunities and have higher expectations of housing. Such people could quickly see the alternative opportunities available in

Table VIII-6
Length of Residence

Sectors:	1-5 years	5 years+	Total (%)
Government	21.9 (113/515)	78.1 (402/515)	100.0
Private	15.9 (7/44)	84.1 (37/44)	100.0
Self-Employed	23.0 (17/74)	77.0 (57/74)	100.0
<u>Unemployed</u>	<u>20.9 (14/67)</u>	<u>79.1 (53/67)</u>	<u>100.0</u>
No.	151	549	700
<u>(%)</u>	<u>21.6</u>	<u>78.4</u>	<u>100.0</u>

other places. They can also move easily to places where new opportunities are found. There was no significant relationship between employment and migration, although the latter was related to literacy and migrants as a whole had lower degrees of literacy.

It is known that recent migrants are disproportionately poor. They work in the 'informal sector' while waiting for a prize job in the organised or formal sector. Among the poor population in Ahwaz, only 15 percent have been there for less than five years. The majority of the poor in the city have been there long enough to qualify for land allocation. Poverty is clearly not a characteristic of only recent migrants; it is truer to say that it is widespread among the population, and is even greater amongst those who have lived in Ahwaz for many years. Only a sixth of short term residents were classified as such compared to a quarter of the rest.

Migration into Ahwaz corresponds to three periods: first natural migration promoted by the economic boom of the country in 1973-77; then the revolutionary movement of 1978-79 which has resulted in the victory of the Islamic revolution in 1979. The gap between the collapse of the old regime and the takeover of power by the revolutionary government was dominated by a very chaotic situation whereby many people flocked to the urban centres. There was use of propaganda indicating that people could obtain decent houses in urban centres. Finally there was an exodus of migrants fleeing from the Iran-Iraq war during 1980-1988. The proportion of war migrants was considerable. According to those who designated urban land policy, this policy was not meant to encourage migration to urban centres, rather stabilise the population movements. However, housing research in Iran has indicated that recent migrants constitute a high proportion of land and housing applicants in urban areas. Their main motive for migrating to such urban areas was to get cheap land or access to shelter and employment after the war (Thabeti, 1985).

8.3 Accessibility to Land in Terms of Time Span

The period of land acquisition in this study is defined as that spanning from the date first contact was made with the ULO to the date when a temporary land title was obtained. The overwhelming majority of the beneficiaries spent more than six months, of whom a third waited more than 18 months before receiving land. Only four percent of the beneficiaries waited less than six

months for the land acquisition process. The results reveal that a high proportion of these quick receivers of land had acquired their land prior to 1982. This short period of acquisition is explained partly by two factors: the first factor is the non-existence of the bureaucratic practices that normally accompany land acquisition (prior to 1982), and that the Housing Foundation and the ULDOs began distribution of land immediately after acquisition, regardless of the transition of the legal title. This quick release of land led to a sufficient supply of land in 1979-80. A further factor which may have shortened the period of acquisition was that government employees could easily and quickly provide the ULO with the required documents. These documents may not be available for other occupational groups, which caused a longer waiting time while ULO checked the applicants' authenticity through direct local investigations.

After about 1980, the demand for land exceeded the amount of available land mainly because of the abandonment of the UWLOAL. Moreover, there were significant increases in land prices in Ahwaz after 1982. This arose because of government influence on compulsory acquisitions, which restricted the possibilities of the ULO to provide land at cheap prices. The implication of these increased prices for low-income families was lower access to land under ULO management. They were also further disadvantaged in obtaining loans from financial institutions to finance their building operations. Even though there are no 'official' rules making an applicants' occupation a vital factor in determining his eligibility

to own a public plot, examination of information on beneficiaries' occupation shows that senior civil servants and other government employees, such as senior army personnel, medical and university staff, stood a better chance of securing loans from the financial institutions than any other group of people. It is obvious that under the management of the ULO accessibility is heavily weighted in favour of the rich and influential government bodies.

The results of this study do not suggest that there were any conscious efforts on the part of the ULO or the policy-maker to ensure accessibility to land, housing and loan for its targeted population the low-income group. The dominating presence of government employees is evidence that this group, which could obtain financial support, was more successful than the targeted group, the poor, who failed due to their limited access to finance and credit.

8.4 Evaluation of the Method of Housing Development

This section will focus on an evaluation of beneficiaries' housing construction generated by the urban land policy. In order to assess to what extent this approach which, is typical of self-help, met the needs, expectations and preferences of the persons involved, a comparison of the cost of a completed unit and its value on the free market is attempted.

The construction cost of a dwelling on the ULO's land was relatively low. Exact figures are hard to find owing

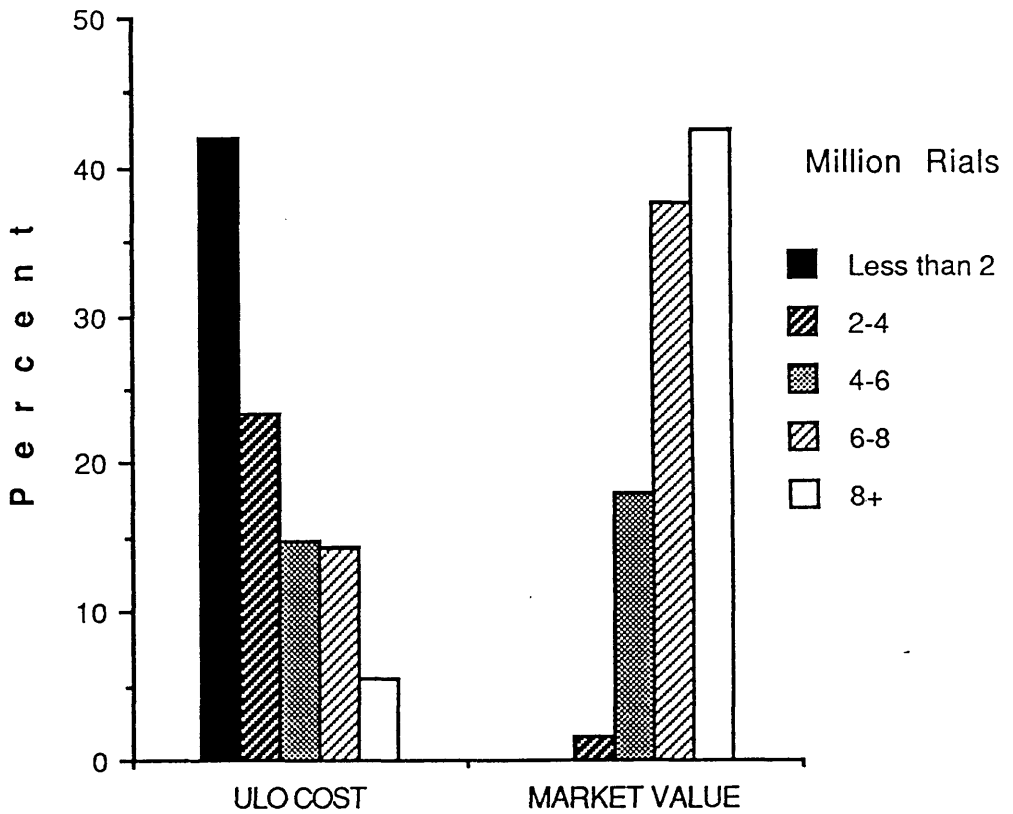
to the fact that few beneficiaries kept account of expenditure on their house construction. Figures representing their outlays are therefore not very accurate. However, a quantity survey check on a sample of 35 dwelling units showed that the quoted values are reliable approximations. The results revealed that two thirds of the houses cost less than four million rials to construct, while 42% were less than two million rials. Very few (5.5%) of the houses cost more than eight million rials.

These prices differ substantially from the real value of the houses after construction (Fig. VIII-2). These difference in prices reflected the fact that the building plots and building materials were obtained at much below market prices from the government. This means that the beneficiaries of the policy have benefited in real monetary returns as well as from the social satisfaction of ownership.

Costs (and relative costs) should be seen in the light of the differences in taste, building design and access to capital which all influence the final and actual construction costs incurred by self-help construction. One important issue therefore, is the extent to which variation in these factors influences attitudes towards the self- help approach. Land and housing in Ahwaz has been distributed in 12 main areas, although most beneficiaries (45.5%) were located in Golestan. There is a considerable range in the costs of construction at

Fig. VIII-2

Comparison of Construction Costs and
Market Value of Dwellings in Ahwaz.



different areas as well as within one area. For example in Golestan, more than one-third of constructed houses cost less than two million rials, less than the market price of a plot of land. High cost houses were found and accounted for over one-third of the houses built. The variation of costs in this particular site could be attributed to its physical characteristics and location. Unlike many others, Golestan was designated by the Ahwaz's Master Plan of 1976 as a preservation area for future urban development, particularly industry. Major

heavy industries such as pipe construction and iron and steel, the main hospital in the city and the University of Ahwaz, as well as other major government institutions are located here. Prior to the urban land policy of 1979, few people could afford to buy land for housing construction in this area. In the process of policy implementation and acquisition of land, the demand for Golestan land has increased due to proximity to the workplace, a factor which has attracted government employees. The high proportion of cheap houses in juxtaposition with more expensive housing reflects the presence of industrial labourers and government clerks.

In Ahwaz as a whole, the majority (70.4%) of beneficiaries expressed a preference for the self-managed construction approach over purchasing a completed unit. The preference among income groups varied. Respondents with more access to financial resources and able to build more elaborate structures were skeptical of self-management and preferred to buy a completed unit. The reverse was true for those with less access to financial resources. The data confirmed a feature that is quite evident from the pattern of housing demand in Iranian urban areas. The very poor are more often willing to build their own houses when the opportunity arises, while those with better incomes are less inclined to do so. Thus high preference among low-income groups might be due to the fact that with little savings or less access to institutional finance they could purchase a limited amount of building materials from the government. Nevertheless, after the basic unit was constructed and the

"completion certificate" (which is not necessarily associated with final completion of the dwelling), had been issued by the municipality, the beneficiary could receive the legal title of the developed land. The owner may extend his dwelling over a long period of time as money becomes available. While this method of construction aids the beneficiaries and compensates for their lack of capital, it also means that the land is developed and a house is erected, although it is difficult to tell when a house has actually been completed.

The data also confirm that the selection process involved in land distribution has failed to exclude persons with resources exceeding the eligibility stipulation. The fact that these individuals with more access to financial resources entered the schemes is itself an indication of the inadequate market supply of moderate income housing in Iran and of the high market prices of housing in comparison to that constructed on the ULO's land.

The results point clearly to the fact that the majority of the beneficiaries either had or developed a positive approach to developing low-cost housing through self-help construction. There were significant differences found among the stated reasons for these positive opinions according to income. In the case of the low-income group, the cost factor was predominant (90.7%), for the middle-income group this factor was also dominant (67.0%) but the high-income group considered the factor of flexibility in adjusting the construction design to individual tastes

more important.

8.4.1 Provision of Technical Services

In order to achieve an acceptable level of housing in terms of the building code, self-managed construction might demand a substantial level of technical assistance, particularly since many of the beneficiaries had neither building nor related skills, nor building experience, and lacked adequate resources in most cases to hire skilled labour. Despite this, 57.9 percent of the beneficiaries responded that they did not receive any technical assistance from the housing authorities. The remainder felt that the assistance given was not adequate. Nearly 14 percent (13.7%) of these beneficiaries acknowledged that they had received only a ready made site-plan from the Housing Foundation, which they had adopted to the size of the land plots obtained from the Urban Land Organization.

These findings reflected both poor overall contribution by land and housing authorities to site management and a breakdown of communication between beneficiaries and the ULO that often resulted in open conflict between beneficiaries. This was due to the fact that beneficiaries began construction on each others plots as they had no knowledge of map reading.

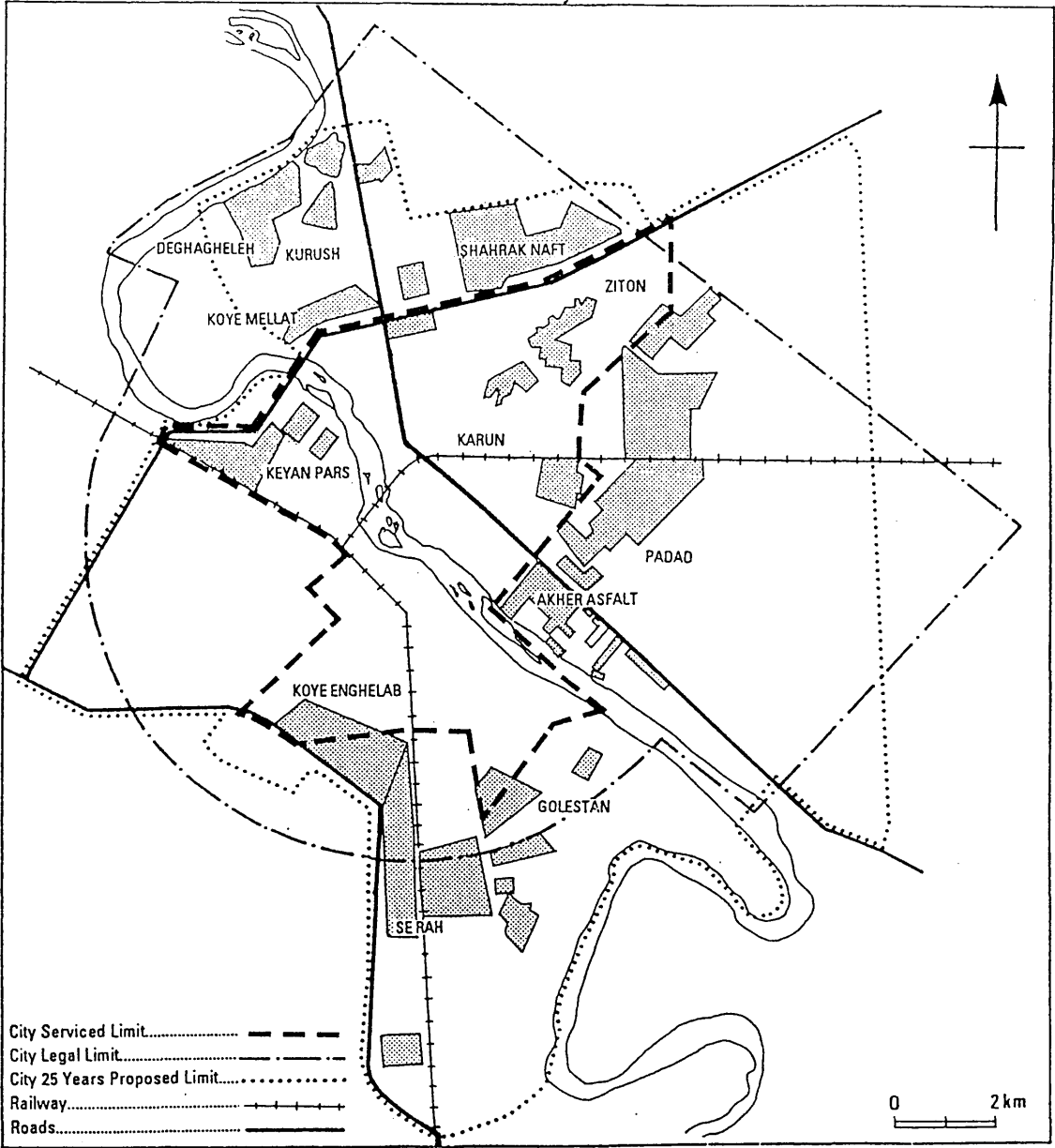
Beneficiaries were also asked to indicate what problems they experienced in completing the construction of their houses, which was used to determine the degree to which it may indicate or suggest deficiencies in site

management. Most beneficiaries indicated more than one problem. Although the appearance and finish of houses in Keyan Pars, Koyeh Mellat and Korush sites (Fig. VIII-3), are superior to those at other sites, the beneficiaries in these sites have complained more about poor workmanship. This was partly due to the fact that their standards of acceptable workmanship were much higher, judging from the more sophisticated building designs attempted.

Financing is usually a problem for low-income families with a taste for elaborate housing designs modelled on middle class housing. Some beneficiaries spent beyond their means while others had cash flow problem due to unstable, uncertain and unpredictable incomes. Others were simply victims of poor financial planning and management due to limited experience and lack of access to expertise. Most beneficiaries (63.0%) experienced construction delays on all sites due to different difficulties in addition to finance problems.

Finance for house construction in Ahwaz was principally acquired from state banks in the form of loans. The majority (80.6%) of the beneficiaries have acquired a loan from the state banks, the remainder have no loan at all. Of this eighty percent, the majority (57.1%) are of middle income, as the majority of those who got land were from this group. Unfortunately, due to the nature of the data it is not possible to clarify whether the 19.4 percent who did not have loan were rejected or did not apply. The non-salaried are normally excluded from loans possibly because the bank has no records of their incomes.

Fig. VIII- 3 .The City Limits and Location of Residential Lands Distributed by the ULO
in Ahwaz City 1979-1987.



Nevertheless, income is not the only criterion, a person's position in job and his influence play a part.

Another implication of the low proportion of loans among the low-income beneficiaries could be attributed to the fact that having a title of land secure enough to enable them to proceed with the construction of their houses at their own pace meant that they did not feel the need to take the risk of high loan charges. Theoretically, Iranian banks, according to interest-free banking policy do not charge loan-interest. However in practice the charges on housing loans are very high and at times exceed the original loan, only that they do not indicate this charge as interest but as the civil partnership (Musharekatt Madani).

House ownership gives beneficiaries a sense of financial independence. Nearly 12 percent of the beneficiaries sub-let part of their dwellings in order to overcome family budget deficits. The sense of independence was also evident from their reasons given for building their houses. Home ownership was considered as the main motive for house building as reported by more than two-thirds (67.7%) of the respondents. Other motives such as privacy and space were rather less frequently reported and comprised 17.2 and 10.9 percent respectively.

Given the high degree of hired labour used during the self-managed construction process, and the financial problems experienced by nearly one-quarter of respondents, there is a need to provide both training and adequate

advisory services in the areas of building and financial planning and management to assist the prospective homeowners in the self-management process.

Lack of water supply for ^{The} construction process was another dominant factor curtailing housing construction. This affected 15.1 percent of the beneficiaries. The beneficiaries had no alternative but to buy a water tank and pay for an expensive supply sold by car tankers (Plate VIII-1).

Theft of building materials was a common problem particularly in the early stages of construction before many beneficiaries moved into their dwellings, (reported by 11.6% of the sample). This phenomenon prevailed more in the areas where the majority of beneficiaries were of upper income (Keyan Pars, Karun, Kurush, Deghagheleh and Golestan sites). These people could provide themselves with materials quickly by means of influence or purchase, and the poor may have found it as a good source for their urgent needs. Theft can be explained by the shortage of materials which forms the major complaint reported by one third of respondents. Some materials, such as iron girders which are scarce, expensive and fundamental for roofing, are imported due to the destruction of iron and steel mills during the war. Constructors have to wait months in queue to qualify for the purchase of a government defined amount of iron. This would seem to suggest the need for tighter security on the sites in order to reduce the theft problem.

Plate VIII-1



Water Tanks Erected on Top of Dwellings to Overcome the Lack of Water Supply, Padad, Ahwaz.

The methodology developed for the self-help approach to low-cost housing in Iran gave beneficiaries the freedom to occupy their dwelling before construction was completed in order to reduce the amount spent on rental of alternative accommodation while costs were being incurred for construction. Over sixty percent of the beneficiaries actually moved into their dwellings before construction was completed. The housing development methodology in Iran, had also encouraged beneficiaries to work collectively on construction tasks on a co-operatives basis.

The development methodology provided for a flexible plan of building design which allowed beneficiaries to develop their own styles within a standard building layout. The majority of the beneficiaries (68.2% of Individuals and Cooperatives) admitted that they have built their dwellings according to their own tastes, while a majority of the beneficiaries of article 67 expressed contrary views. The government's approach to completed houses was not flexible enough to allow for individual preferences, being planned more on the basis of cost factors than in relation to the dwellers' culture and taste, though the cost was also high.

Most beneficiaries hired masons and unskilled labour for carrying out the labour tasks in the building process rather than build for themselves. Only a very small proportion of the beneficiaries were able to carry on the construction with a mason but without hired labour. This can be explained partly by a much lower level of

unemployment than expected among beneficiaries.

Most beneficiaries did not have building or related skills. Thus, the building operations were usually entrusted to small scale builders (locally called Ban-na - masons), rather than incorporated building construction firms. A majority of masons are illiterate or, at best have only primary school education, and learned their skills of building construction on the job as apprentices. They have no machinery of their own, and in many cases, do not use any form of mechanisation in their work. Their lack of education means that they have little knowledge of the technology of building construction (such as calculation of stress in buildings etc.). This may explain the high levels of destruction caused by the recent earthquake in Iran. Nevertheless, they can construct simple buildings, such as single storey residential premises where there is no need for high technology, very successfully. They are widely employed for residential building operations throughout the country because of the competitive prices they offer. Incorporated building construction firms' activities are devoted to government buildings, state's large scale projects and to some extent to the construction of private cooperative settlements' houses.

As expected, the majority of the dwellings were constructed comparatively cheaply with 76 percent costing less than 4 million rials. This was undoubtedly influenced by the high proportion of family labour utilised, wither in conjunction with a traditional mason (44 percent) or hired labour (34 percent). Surprisingly,

contractors were equally likely to be hired for cheaper or more expensive dwellings but only 15 percent of the sample used their services. There was a significant difference between the type of labour used according to the cost of the dwelling. Masons were involved in half the cheaper houses as opposed to less than a quarter of the more expensive (Table VIII-7), a far greater proportion of contractors and rather more hired labourers were utilised in the latter.

Table VIII-7

Cost of Construction by Type of Labour

Cost (million) rials	Contractor	Mason+ Family	Hired Labour Family Alone		%	n
-4 mill.	10.1	50.5	32.4	7.0	457	100
4 mill.+	32.2	23.0	39.9	4.9	143	100
Total	(92)	(264)	(205)	(39)		(600)

An explanation for these differences was sought in the levels of education and occupations of the households but there was no significant relationship between either education or occupation and the choice of class of builder. This might be due to the fact that a number of residents spent more on housing construction than their regular income would suggest. Less than half of the respondents stated that the loan constituted more than 75 percent of their dwellings' construction costs.

majority (53%) have reported that the acquired loan constitutes either 25-75 percent (32.9%), or less than 25 percent (19.7%) of the dwelling construction costs.

The rate of inflation in the country had an impact on the construction industry, as the labour rate charged was in most cases higher than that prescribed by the Labour Ministry. In a more vibrant economic climate with a higher market demand for building skills, labour supply and labour costs may have posed some problems for the beneficiaries.

Most of the beneficiaries also contributed their own labour to the construction process, but this labour was in all instances supplemented by the hiring of skilled artisan labour such as carpenters, masons, plumbers, electricians and in a few instances, contractors. The construction process was therefore self-managed construction, rather than self-built. This would seem to correspond closely to the viewpoint held by Perlman (1976) who has pointed out in much of her work on the informal sector, that self-help is a survival strategy based on the widest possible freedom of choice to allocate scarce time and resources.

A number of problems related to the immediate environment surrounding the respondents' residence were observed. In most of the sites there was no paved street. More than half of the beneficiaries (54%) perceived the streets in their neighbourhoods to be in poor condition and covered with mud and waste water. Significant

differences were found between different neighbourhoods. Nearly three quarter of the respondents in Padad, Akher Asfalt, Shelang Abad, and Se-rah indicated that the neighbourhood condition were poor, compared to Keyan Pars, Koyeh Mellat, Kurusk and Koyek Enghelab. This might be attributed to the bad location (out of the city serviced limit), which affected the provision of services in the light of their high cost.

Some residents park their cars or tie their animals in a reckless manner, regardless of the width or importance of the street. It is not uncommon to see trucks blocking the street. Consequently the streets in these areas are appropriated by individuals and their property (trucks and animals) rather than being public space (Plates 2 & 3).

At the time of our inspection in the study areas most of the children's activities occurred on the street or on vacant lots in the neighbourhood. Most of these areas are unsuitable due to the fact that they are prone to accidents, or are unhealthy places. The survey revealed that one of the major complains was the lack of school, recreational facilities and playgrounds for children. Another complaint mentioned by 19 percent of the beneficiaries was that not enough school or clinic services are provided for the neighbourhoods, while the other services such as retailing, police station etc. are absent in a majority of the sites (Table VIII-8).

Plate VIII-2



Street Blocked by Cars and Animals, Koyeh- Enghelab, Ahwaz.

Plate VIII-3



Street Blocked by Cars, Keyan Pars, Ahwaz.

Table VIII-8

Services Available in ULO's sites in Ahwaz

Sites:	School	Clinic	Park	Police	Retailers*
Padad	-	-	+	-	-
Sharak Naft	+	+	-	-	-
Keyan Pars	+	+	-	+	-
Koyeh Mellat	+	+	+	-	+
Karun	+	+	+	-	+
Ziton	+	-	-	+	+
Kurush	+	+	+	-	-
Akher Asphalt	x	-	-	+	+
Deghagheleh	x	+	-	-	+
Golestan	x	-	+	-	+
Se Rah	x	-	+	-	+
<u>Koyeh Enghelab</u>	<u>+</u>	<u>+</u>	<u>-</u>	<u>+</u>	<u>+</u>

- = not available

+ = have access

x = access insufficient

* = retailers in this study are small local shops established by the residents themselves, which barely can meet their daily needs.

8.4.2 Satisfaction with the Present Dwelling.

Measuring the respondents' levels of satisfaction with their present accommodation has been of considerable value to this work. The beneficiaries were asked to designate their overall level of satisfaction regarding the dwelling in general as a place to live. In general, the results appears to show a high level (70.8%) of satisfaction,

although a few (10.7%) of the respondents were critical of the services available at their present dwelling.

The policy beneficiaries expressed a generally positive feeling of satisfaction with the physical development of their houses. This related both to the completed houses and overall site development (housing construction). The beneficiaries from the Individual method felt fully satisfied with their houses, while the beneficiaries of the Cooperative and article 67 respectively were of similar sentiments.

An interesting point revealed through the survey however, was that nearly 18.3 percent of the respondents seemed indifferent about their housing conditions. This might reflect the point made earlier that upper-income groups are profiteering from the acquired land rather than really needing it for dwelling. They are waiting to acquire the title so as to sell it at high price and will then leave this temporary accommodation.

Significant differences were found between the various sites. Respondents in poorly serviced sites indicated their dissatisfaction at higher levels than the respondents in average and well serviced sites. A number of factors were assumed to be associated with the respondents' ratings. Firstly the location of the site had a strong effect on the respondents' satisfaction with their dwelling; respondents living in sites in the proximity of the old settlements were found to be more satisfied than respondents living in remote ones.

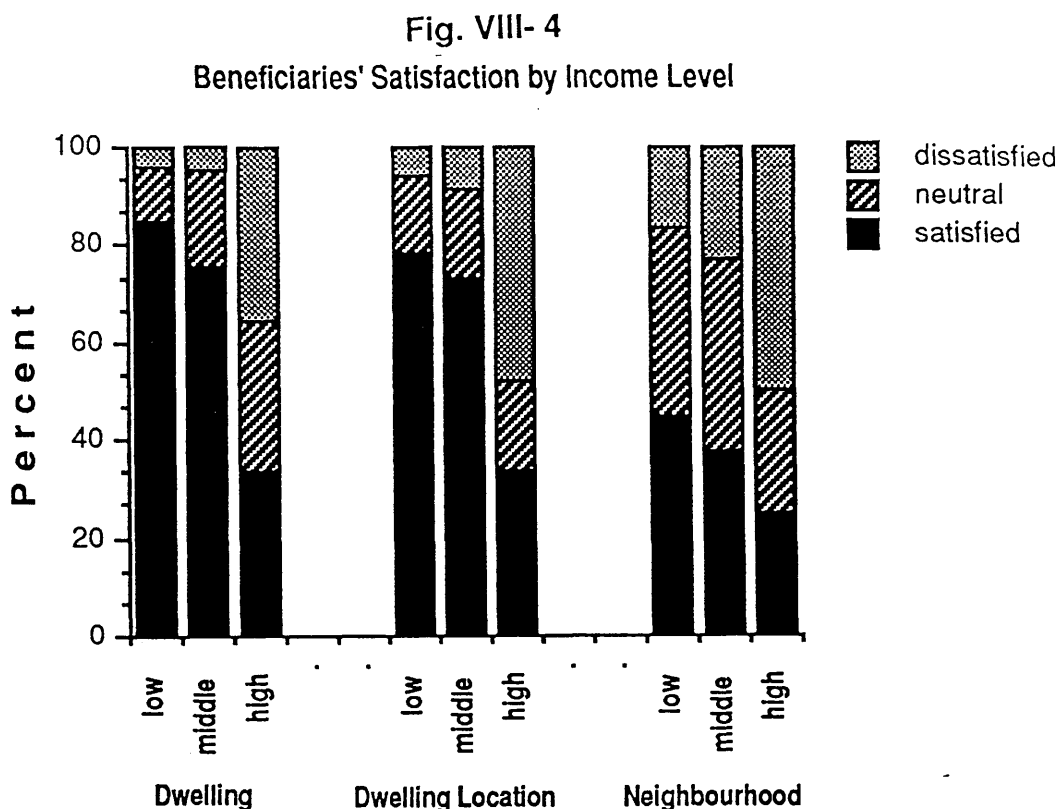
Secondly, length of residence had some impact upon respondents' ratings. The human tendency is that once an individual has accomplished a significant act in his life, such as moving to better housing, he tends to look on the brighter side and ignore the problems. Usually this tendency is overcome by reality. Changes in lifestyle over time will require additions that the present accommodation cannot offer. Those who were living in these neighbourhoods for a short period were likely to be less critical about the physical condition of their areas, while those who had resided longer had a greater chance to observe more difficulties in their neighbourhoods.* Most of the respondents who had lived in their new residence for a longer time tended to discover problems not only in their neighbourhoods but in their dwellings as well, even in the case of completed houses and to become more critical. Respondents who built their dwellings themselves complain less about their dwellings' condition, possibly because they had met their expectations by choice of design and standards of living space. There were significant differences between the levels of satisfaction among beneficiaries. Higher level of satisfaction (87.9%) found among respondents who acquired land, in comparison to those who purchased completed houses (12.1%) suggesting that self-managed housing development is a more reliable way of achieving satisfaction. The relatively low level of satisfaction among the article 67 (completed houses) beneficiaries centred on the size and location of the dwelling and the construction faults such as size and location of the kitchen and bathroom. Dissatisfaction might result from the traditional life style of the

* of course the total period of residence for even the oldest beneficiaries was only 6 years.

beneficiaries who were more interested in sufficient land space that would permit them to build an oven for bread baking, keep an animal (most often a cow), and maintain a vegetable garden. The dwellings in self-managed houses were designed by the beneficiaries in such a way that males and females had separate access within the dwelling. There was no such possibility in the government completed houses.

The economic conditions of the respondents have a strong association with the level of satisfaction, which decreased with increased income (Fig. VIII-4). Wealthier groups usually demand greater access to amenities and social services. The number of respondents in the sample are overwhelmingly (67%) from the middle-income group, seven percent high-income and 23 percent low-income. Nevertheless, significant differences in the levels of satisfaction were found among income groups.

Type and condition of the previous accommodation had some effect on individual attitudes to their present living conditions. Cooper (1975) pointed out that most respondents tend to reply in terms of comparisons with what they have known before. Moreover, Schorr (1970) argued that previous housing influences satisfaction, and a relationship between where a person has lived and his current housing does exist. Unfortunately it is not possible in this study to evaluate this view as information on where respondents lived before they moved to the new sites is not sufficient.



8.4.3 Respondents' Attitudes and Evaluation of their Neighbourhood.

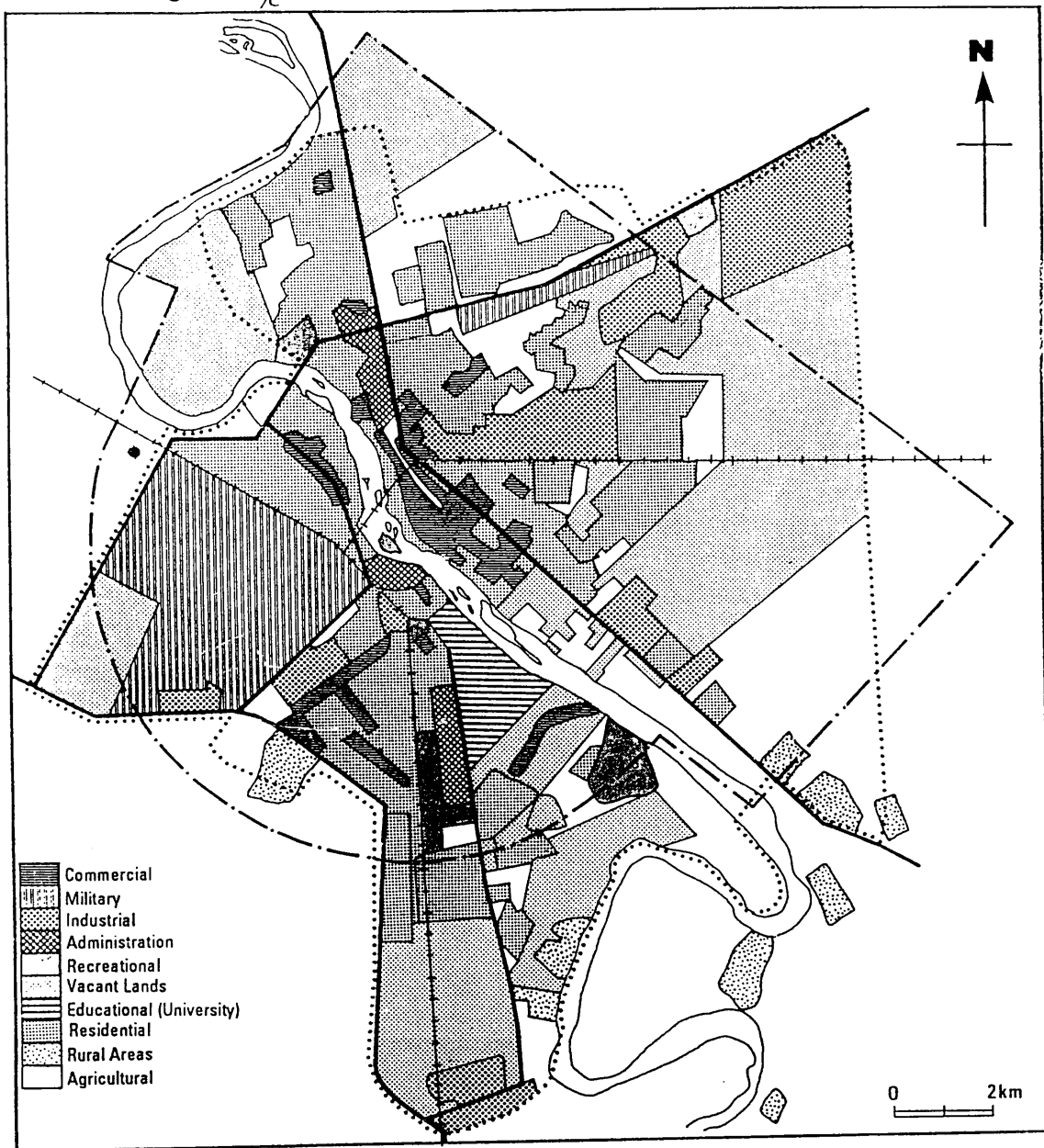
Housing is really a package of services, land, public facilities, access to social services as well as the housing structure itself. The ultimate objective of government policy is to provide housing conditions with which people are satisfied. Satisfaction may depend at least as much on such intangibles as the physical characteristics of the immediate neighbourhood and the condition and availability of services. Information on

where respondents lived before they moved to the new sites was not sufficient to judge whether their previous residence has had any influence on their attitudes.

These settlements were sited in different parts of the city (Fig. VIII- 5), some being located in remote areas (in regards to their proximity to the city centre or city serviced limit), such as New Padad or Deghaghleh, while others were built within or near to this limit. The location of the sites has a strong influence on provision of services and infrastructure which would improve the neighbourhood quality. The settlements in Keyan Pars or Korosh and Koyeh Mellat for example, have the advantage of being built in the vicinity of old settlements where most services were nearby. Overall, only 20% of the residents had accessibility to primary services such as schools, clinics, local mosques and shopping centres within walking distance. Half of the residents had access through use of private transportation. The new sites were not established in locations to increase the residents' accessibility to services, neither was the public transportation network well integrated to compensate for service deficiencies. Unfortunately it is common for services to come after establishment of the neighbourhood.

It is quite common to find children playing in the streets or on vacant lots that they find close to their homes. Unfortunately, most of these areas are unsafe because they are dirty. The vast majority of the streets in front of the respondents' dwellings, in some sites, had pavements covered with mud and waste water or were not

Designated
Fig. VIII-5 Land Use Pattern and Location of New Sites in Ahwaz 1987.



paved at all. The streets had the appearance of garbage tips rather than public paths. Frequently street lighting and surface water drainage does not exist (Plate VIII-4). This seems to be more prevalent in the remote neighbourhoods rather than those areas which are built within the city serviced limit.

Plate VIII-4



Lack of Water Drainage, Pavements, but Shops as Part of Dwellings, Akher Asphalt, Ahwaz.

A number of residents in some neighbourhoods have devoted one of their dwellings' rooms to a small shop. This is contrary to the law, but the authorities could not enforce it due to the lack of grocery stores in these areas, (Plate VIII-4).

It is not surprising that over a third of the respondents reported a low level of satisfaction with the surrounding environment although significant differences were found between the various settlements. Over one third of the respondents indicated a relatively low level of satisfaction with their neighbourhoods as a place to live. The respondents who were either dissatisfied or neutral with their neighbourhoods represented sixty percent, out of which 22.5 percent were those with the most negative view of their living environment (Table VIII-9).

Table VIII-9

Respondents' Satisfaction with their Neighbourhoods
by Income.

Income	Satisfied	Neutral	Dissatisfied	N.I.	Total
Low-income	28.5	23.0	16.5	-	161
Mid.-income	67.0	72.4	68.2	-	473
High-income	4.5	4.6	15.3	-	48
<u>Not indicated</u>	-	-	-	<u>18</u>	<u>18</u>
No.	263	261	157	18	700
<u>Percent</u>	<u>37.7</u>	<u>37.3</u>	<u>22.5</u>	<u>2.5</u>	<u>100</u>

About ten percent of the original potential participants withdrew from the scheme in its very early stages (ULO, 1986). It was felt that these 'dropouts' constituted an important category in so far as they represented for the most part, a negative reaction to the policy. Interviews indicated that the two main reasons for withdrawal were a dissatisfaction with the location and the size of the plot offered, and in some cases, financial difficulties.

Although it was not possible to reasonably determine what alternative arrangement these dropouts eventually made to obtain housing, it is likely that the severity of housing pressures were not as acute among this group as among the beneficiaries. Alternatively, it is possible that they were more willing to accept their existing living conditions, or presumably did not see the scheme as improving their existing housing conditions.

8.5 Effect of Moves to the New Neighbourhoods on Respondents and Their Families.

One of the objectives of this study was to assess how the move to the new housing sites affected residents and their families. The majority (81.3%) of the respondents reported that the move to new residence meant better living conditions for the family. Negative views drew attention to the lack of adequate school facilities in the vicinity to accommodate the children, which in long term may have adverse socio-economic effects on the future of these families. Two sites with a relatively high concentration of children, Golestan and Koyeh-Englab, were also critical of educational facilities, but reported positive results as a consequence of living in the new housing settlement. It appears that the effects on work were not particularly significant, as roughly the same proportion of households moved nearer to their work place, as had to travel further.

A frequent complaint has been that the sites did not bring any greatly enhanced recreational facilities for the

residents. There were no well constructed playing fields, although there existed sufficient vacant land adjacent to most neighbourhoods that could still be developed as playing fields, (Plate VIII-5). For the sample as a whole, 60 percent stated that there were no recreational facilities for them *at* the new sites. It does seem that the inability of the relevant Government ministries to take over responsibilities for operating the community centres reduced their value to the sites' residents. Thus financing of all components required to construct and make operational community facilities and basic services should be included in the overall cost of the programme, in order to ensure their operation from the outset of the project.

Respondents were asked whether their social position in life was substantially altered as a result of their move to the new sites. Answers varied appreciably but then can be grouped under three broad headings: whether the move meant better general conditions; whether it produced a feeling of pride in their achievement in securing a new home; and, whether the move brought them enhanced status. Just over half of the respondents reported that the move brought them better conditions, a fifth expressed a feeling of pride in securing a new home, and 28 percent answered that their status had increased.

Despite the many problems experienced by the residents of the sites - difficulties in completing their houses, the lack of security, unemployment etc.- there was genuine pleasure at being able to acquire their own home at a price that was affordable. In Koy- Enghelab, a 40 year

PLate VIII-5



The Availability of Land around New Sites that Could be Developed for Social Services, Padad, Ahwaz.

old man with 9 children, expressed his feelings "I am better off in life, because I own a home for my children". Another stated, "I am now better off, I have my own home with a guest room and a kitchen". A grandmother of 45 years, with 5 children and 3 grandchildren sharing her home, remarked, "I feel good to know that I am not in a tenant yard, nor am I exposed to strangers anymore, so I am really better off now". Even head of households who so far had been unable to complete their units were positive: as a man of 55 years claimed, "I am better off now, even

Though it is half done." Even in Akher Asphalt which lacked electricity, the general feeling of pleasure of residents who owned their homes was unmistakable. An employed man of 39 with 4 children stated: "I am ten thousand times better off now that I own a home; God bless the government and the people who organise it." Some were glad to be removed from a tenant environment; as a resident put it, "I feel much better, compared with tenant living, though I am in debt to the bank." In the words of a mother of a martyred son sharing a home with her widowed daughter-in-law and her three children, "Without the help of God manifested in this Government, I would not have been able to own a home."

8.6 Conclusion

The data analysis indicates that a relatively high percent (21.6%) of our respondents were recent migrants. This is inconsistent with the government assumption that the urban land policy would help to reduce the migration trend. Migration studies in Iran reveal that there is a significant and positive relationship between the unemployment rate of the sending areas and migration rates (Hemasi 1984). This relationship might strengthen the general view that Ahwaz, by its role as a regional industrial centre, has great influence on the surrounding economically poor rural and small urban areas. Great numbers of migrants are attracted from urban areas in which the ULO either did not act effectively or had no action at all, regarding urban land distribution. Such migration patterns reflect unsuccessful efforts by the ULO

in deterring migration movement from big cities, as well as the existing regional disparities and especially the discrepancy between urban areas quite well.

The assumption made that low-income families would have access to land was not true. A large number of the respondents were from middle and upper-income groups. The majority of beneficiaries were from large families. Most respondents were government employees.

In the case of low-income people, it must be recognised that, although there are many positive features of this approach to low-income housing, there are basic limitations to the effectiveness of the policy in responding to the housing requirements of the poor; for in some instances, certain characteristics of the urban poor in Iran, lack of wealth, as the premises underlying the policies of land distribution, and the standards applied are far removed from the economic circumstances of these individuals.

The result of the housing development revealed that one way of helping low-income earners in shelter construction was through securing access to building materials through the housing authorities as part of housing policy such as self-help home construction. It was found that ability in purchasing building materials at cheap prices (monitored by the government) had contributed significantly to the stimulation of private housing investment. Indeed, the government programme in giving beneficiaries access to building materials was crucial to the success of the

housing construction. Virtually all of the beneficiaries used this as one source of financing, as the purchase of building materials through government intervention had saved them a lot of money.

It would seem that the use of public resources to provide these complementary inputs to shelter construction is a more effective means of providing housing for low-income people than the direct construction of housing projects by the public sector. The method of land distribution for self-help housing construction would seem less likely to give upper-income groups benefits from public subsidies, as it is based upon beneficiaries' savings. While in public housing projects, very often the units are pre-empted by high and middle-income households, who then also benefit from the subsidies generally provided with public housing. These subsidies further 'tie up' scarce public funds that could otherwise be used for other purposes, such as the provision of 'serviced' land.

The provision of housing for the public's consumption is a difficult and expensive exercise for governments everywhere; the Iranian example and the case of Ahwaz, has shown how the government can aid the public to provide its own housing by making land available to all income (though with disadvantages for low-income) groups. This experience can be used in countries with similar culture, such as Middle Eastern Muslim countries.

Many house owners let parts of their houses to tenants

who were also low-income earners, at low rents. Thus the availability of cheap land for low-income people not only provides housing for the builder and his family, it also provides accommodation for other low-income earners who become his tenants.

Most of the respondents confronted several problems during construction, most important amongst these were theft and the lack of enough funds, building materials, water for the construction process, amenities and community services.

Furthermore, most of the residents were having difficulties in gaining access to basic services. All of the study areas still lacked community facilities such as parks, play grounds, and schools for children. These facilities were either not available, or were far away from their homes. Lack of recreation facilities exposed children to the unhealthy and dangerous environments.

Except for those who bought completed houses, the majority of the residents were happy about their dwellings, but less so with their neighbourhood. They suffered through the lack of basic services, including sanitation. Dwellings were surrounded by waste water due to the lack of sewerage systems or even surface water drainage networks, which was damaging to the dwelling as well as to health. However, these problems seem more prevalent in the new neighbourhoods, especially New Padad and Akher Asphalt which were remote from the city. Owners of completed houses complained about the limited

space and unacceptable design with respect to privacy, overcrowding and health hazards. This suggests inadequate preliminary studies and lack of understanding on the government side of the beneficiaries cultural and social backgrounds. It is totally unwise to impose a certain location and design of house on tenants as this causes frustration, rejection and dissatisfaction.

However, although the land management and services installation may occur at about the same time, there is no necessary connection between them, as these two operations are carried out by different departments. As observed in the preceding chapter there was a number of sites^{which} had received basic services such as water before housing construction started or at the same time, while some other occupied sites were still waiting to receive services. The servicing departments do not attach great importance to coordination with ULO in servicing these sites. Nevertheless, services were installed partly by the municipal authorities and partly by Cooperatives' beneficiaries own efforts.

Differences in servicing levels among different sites can be explained by several factors. First, their locations: Golestan for example, is adjacent to the Ahwaz industrial area and major roads, while Padad is much farther from any area likely to be already serviced. Second, Golestan is older than Padad with a larger number of cooperative settlements. There are more possibilities in cooperatives to help in service installation, and often more disposable income available to spend on materials or

financial contributions to servicing than ^{from} individuals. Third, in contrast, to individuals, the cooperative settlements had close links with their employer institutions and in turn with the servicing departments, who supported purchase of materials and provided technical assistance. As a result, most cooperatives' sites enjoyed the provision of more services. Similar comparison can be made between other sites in ^{The} case study area.

Housing conditions suffered from many problems related to the surrounding environment. These problems are severe in all remote (far from the "serviced limit" of the city) settlements. There were also complaints about the dwellings in Article 67 schemes such as space and design. A more successful housing policy can be derived from solutions that provide a means by which the consumers can choose the type and location of accommodation which best serves their needs. Evidence from the study shows that most of the negative attributes to satisfaction, especially those pertaining to the environment of neighbourhoods, were interrelated and cumulative in their effects and impacts. For example, the complaints about the location of the sites were not unrelated to the inadequacy and inefficiency of public transportation, lack of open space, playgrounds and other social services.

In this study, I have shown that low-income urban residents can build themselves a shelter if land was made accessible to them. But issues of urban land management in the context of Iranian land ownership, make land accessible mainly to the rich and the influential.

CHAPTER NINE

CONCLUSIONS AND RECOMMENDATIONS

9.1 Conclusions:

The main objective of this study was to evaluate the urban land policy in Iran, and its impact on urban housing in general, and low-income housing in particular. The study focused particularly on the assessment of state intervention in housing the urban poor under Islamic principles. To achieve this, the study made a detailed assessment of the effectiveness of the urban land policy implemented by the ULO in Iran with regard to the Islamic law of property ownership as a theoretical framework. The accessibility of low-income people to land and housing resources and the performance of the ULO in land and housing development were also evaluated.

Prior to the revolution of 1979, the pattern of land ownership in urban areas was following the situation prevailing in free-market economies, exercising the liberal concept of individual ownership of private property including land ownership. This type of land ownership was justified by the social norms that private ownership of land in Islamic societies is guaranteed. However, it became clear that the general public, including government bodies believed the land management practices of the private sector operated to exclude the poor from residential urban land and sometimes thwarted

efforts by government to control urban growth and development.

After the Iranian revolution of 1979, the new government found it necessary to intervene in alleviating housing problems and enabling low-income families to provide their own housing. Therefore, the main basis for the Islamic state intervention lies in the inability of the existing land ownership pattern to allocate land resources in an economically and socially desirable pattern. The state consideration took different measures which were ultimately manifested in the formulation of a new urban land policy. The main objectives of this policy were to provide housing and services for all, especially low-income people, and curbing land speculation.

Based on the results of this study, the Islamic state intervention has not managed to provide housing for low-income people. Nevertheless it has changed the urban land tenure pattern from monopoly land ownership by a relatively small number of wealthy people to individual ownership. This has been done by restricting the amount of urban land each individual can own and registering titles to lands that the ULO acquired and distributed to individuals. Furthermore, land speculation has been greatly reduced by banning land transactions except to or from the government. Therefore, investment in land that once had a windfall profit for speculators and land owners has become a risky business, as the land might be expropriated by the state.

In the study area the implementation of the policy by the ULO made a considerable impact on urban land development by first of all, adding to the city of Ahwaz a stock of land through acquiring and preparing swampy and hilly land with building potential. Second, a substantial number of plots have been prepared and distributed for various residential, commercial and industrial developments. Third, the policy has encouraged the formation of cooperative settlements with high potential of housing and service development without putting pressure on the government budget. Fourth, the ULO policy has also adopted a self-managed method of housing construction which is recommended by several experts (Abrams, 1964; Turner, 1982; Devas, 1983; Ward, 1981; and applied in various Third World countries such as Mexico City, Jakarta and Nairobi with different levels of success. This method was used as a means to reduce the cost of construction and to meet personal taste in addition to extracting private investment without involving government subsidies. Securing access to urban land as the key resource for low-income housing and low price building materials was another encouragement to private individuals in constructing their dwellings.

Looking at the other side of the picture, the ULO has faced a number of management and administrative problems. One of the remarkable failures is that land could not be acquired in sufficient quantity to meet the demand. In addition the piecemeal land acquisition by the ULO was also undesirable in the sense of creating high land prices reflected in the high housing costs. The high prices, of

course, had further implications on accessibility to housing and other urban services for the different income groups in the city especially for the poor. Furthermore, the loan allocation procedures have in fact excluded the very poor from bank credit and in turn from access to land. By this weakness the ULO has limited accessibility to urban land to a small proportion of the population where the quantitative demand was not most acute. Thus, the policy failed to achieve an equitable distribution of land and housing among income groups as an Islamic goal and, stipulated by the policy. This seems to be the case with "site and services" and other low-income schemes in the developing world, which have been observed by several studies (cf. Soliman, 1988; Macoloo, 1988; Kabgambe and Moughtin, 1983; Oncu, 1988; Elkadi, 1988; Johnston, 1983; Acharya, 1987).

The adoption of low-density development policy and encouragement of semi-detached houses has unnecessarily spread the city over a wider area making it more expensive to provide necessary services to all remote areas from the city's serviced limit. Recognising that the housing problem is essentially an economic problem a realistic approach even to the sanitary problems, would have emphasised more apartment housing. Those who want single-family houses can always build one themselves or buy with private funds.

Although Iranian urban land policy has changed the system of land tenure, the pattern of accessibility to urban land has not been changed vigorously in line with

policy goals. Accessibility to land and housing has continued to be in favour of the middle and upper incomes, over low-income people. Consequently, the present urban land policy in Iran, and the study area Ahwaz, has not so far been able to bring about the much desired low-income housing development and equity in accessibility between income groups in Ahwaz. This would confirm the idea that a proper programme for housing the urban poor must be one of the major components of the national development process.

The problem of housing low-income group is not perpetuated by inefficient and poor management of the entrusted agencies alone. There are cases in which good management systems could not succeed in providing land and housing to the poor. With good management and skilled staff in Britain, for example, the allocation policies and practices of housing authorities is subject to all kinds of "foibles, prejudice, ignorance and incompetence" which often results in the needy going without (McAuslan, 1987:33). This is explained by the economic status of the people. The majority of the poor fail to achieve housing needs due to their economic status and lack of any assistance for the purchase of land and its development. Therefore, this is not purely a management problem. Even in cases where the state land allocation involves subsidy such as in Egypt, Soliman (1988) indicates that the recipients usually sold their allocated plots. The same was noted by Oncu (1988) in Istanbul where she provides an example of the channelling of subsidies via cheap land in low-density middle-class housing development. The houses in this case were initially consumed as use-value, but as

land prices increased, after 1950s, house owners sold the land for high density development, "Thereby realising its exchange value with its original subsidy element. Soliman (1988) further observed that even in the "site and service" projects there is the difficulty of achieving "cost recovery" due to low and irregular income of the households involved. The need to pay regular instalments has proved to be a serious burden for poor families. This leads to the pressure on the allocatees to quit the project, by selling their plot and dwelling to high income households.

The urban land policy experience in Iran seems to have many similarities with those land reforms in Third World countries. Reforms were rendered ineffective by various obstacles such as the lack of financial support in Bolivia (Rivera, 1982); lack of political support in the Philippines (Ernesto, 1983); lack of decision-making power on the part of the Korean Land Development Corporation (KLDC) in Korea (Lim, 1985); and lack of public agency to implement the Ceiling Act in India (McAuslan, 1987).

The provision of land for housing is only one of several measures that have been adopted in various Third World countries. Others include house building and marketing and the provision of subsidy. In all these cases however, There have been little success in housing low-income groups. Common to all these failures is the income factor on the part of the individuals. Thus, it is concluded that the root of housing problem stems from two basic sources,

namely income and land distribution. The absence of a regulation which puts a ceiling^{on} land ownership has encouraged a virtual monopoly on land and limited access to the moneyed few. Nevertheless, several factors such as the lack of political will, inadequate cost recovery, unsuitability of site location in terms of job opportunities and social services, and the incorrect implementation process could lead to the failure of a given policy (Soliman, 1988). However, in Iran, the mismanagement and lack of funds on the part of both the poor and the ULO were the most influential factors despite the strong political will.

The common point which can be made about Third World countries experiences regarding access to land is that government policies, whether a laissez-fair role or public control, tend to benefit the middle and upper income groups either deliberately or unintentionally. It is safe to say that the key issue of housing the urban poor in most third world countries is lack of funds. On the other hand, the amount of public money made available for housing the poor is a better indication of the government policies than any of its official policy statements.

While the theoretical potential of an Islamic ownership and control of urban land is immense, it can be deduced from the foregoing evaluation, that the realisation of any ownership potential, whether it is Islamic or non-Islamic, is not necessarily always a truism. Rather their realisation would depend not only "to the extent to which land is publicly owned" as Devandara (1985) believes, but,

on the goals, objectives and priorities of public policy in respect, and above all, the administrative efficiency of the public agency involved. These factors would always have much to do with whether the potential benefits in an ownership and management system are realised. Nevertheless, Islamic ownership and control of land, cannot be an end to the solution of the housing problem in itself, it is justified in so far as it is exercised in favour of the common good, rather than to protect the interests of the already privileged.

It can be concluded that the theoretical controversy in which different systems of land ownership are set against each other, has become divorced from practical realities. The border line between public, private or any other system of ownership and control has become increasingly vague, since any one of the many rights associated with non-public ownership may be pre - empted by the state for public purposes (or ostensibly so) and public ownership is often accompanied by considerable freedom in private use. Moreover, just as accessibility to land for example is not neutral in the private market system (because it favours those who enter the market with more money), so it is not neutral under Islamic management (because it favours the government employees and economically capable). The only differences, therefore, might be in the class of people that each system favours.

While there is no doubt that the Islamic system is in many ways ill- adapted to contemporary urban needs of Muslim societies, it (in theory) does have the virtue of

certain equity (see Chapter 3), and assurance access to land to all members of society (though this was not fully achieved in recent Iranian practice).

The minor presence of the low-income groups in the Iranian policy Schemes has proved first, that the low-income groups are able to construct their dwellings if accessibility to land is secured. Second, that simple exercise of public legislation or legal powers, regardless of ideology behind it, does not as such necessarily bring about desired goals and objectives. While these consequences were not inevitable, they did represent tendencies in bureaucratic behaviour which should surely be a warning to those who advance the proposition that the Islamic ownership and control of land automatically implies urban land policies that are more productive and just than any other systems of land control and management. The relevant point, therefore, is not the mode of land ownership and control as such but the implementation of the particular policy and the socio-economic conditions of the people.

It is obviously dangerous to generalise about the situation in Third World countries. Each case is unique, however, we can say that the policy experiment in Iran is a viable method of providing housing and has at least established a model, albeit with limitations, which other Third World countries can follow in preparing an adequate response to the housing needs of low-income people. It is not suggesting that such an approach is universally applicable: indeed, it has yet to be put into effect in

Iran. Nevertheless I think that the general principles would be worthy of consideration in relation to other Muslim countries, particularly those with less financial resources. Given all the variations, no standard set of policy or strategies can be formulated for all countries. Each country must review its own options, geared to its own resources.

9.2 Recommendations: Improving the Effectiveness of the ULO.

This thesis accepts, in principle, the need for public intervention or involvement in urban land management and development, and therefore accepts the concepts of the ULO or such similar agencies. It contends however, that the success of such intervention or involvement in realising its set goals, would generally depend on the processes and mechanism employed in the involvement, as well as the "quality" of the administration and management charged with the implementation of the involvement. The thesis also recognises that the appropriate processes and mechanisms employed in a particular case or cases would vary with the goals and objectives in view. In any case, the realisation of the potential of Islamic ownership of land should not be taken for granted.

It is recalled that the ULO's problems and weaknesses resulted from three major factors: (i) The social concept of (highly guaranteed), private land ownership in Islamic societies, and the problems it created for the ULO in land acquisition resulted in high compensation and land

owners' resistance; (ii) inadequate funding; (iii) problems arising from management skills and ability as well as the integrity of the personnel involved or charged with the administration of the agency and implementation of the schemes. The relevant question then becomes: How could the ULO (or any similar agency in such a society context) have functioned "better" and more effectively? In what direction could the ULO go operationally and structurally to improve its effectiveness in urban land management?

Various alternatives are possible:

- (1) The ULO continues along its present direct and massive involvement with urban land acquisition, distribution and development, but improves its administrative efficiency, and maintains the policy goal priorities- increasing accessibility to land by the low-income group. The problems of management, competence and administrative efficiency are essentially human problems, as opposed to technical ones and therefore have no easy and straightforward solution. Any improvement in this area will inevitably be gradual and incremental. The raw materials or potential for competent management as such no doubt exist in the ULO. Perhaps a set of mechanisms and instruments to bring about periodic public accountability of the ULO and its key executive is necessary with the expectation that the awareness of such public accounting might help keep them and the operations of the ULO within lines of better efficiency and integrity.
- (2) Other serious problems that the ULO experienced were the opposition and resistance of land owners against

compulsory land acquisitions. It was also pointed out that this opposition was based not only on cultural values and norms attached to land, but the manner and conditions of the acquisition. This specifically refers to the processes of land classification and compensation assessment which determines the "government defined value" of such land at the time of acquisition - often to the dissatisfaction of the land owners.

If the objectives of public policy is a concern for the public good of the environment or to implement development schemes that are intended to benefit the larger society as a whole, one can make a case for "buying off" the private land owners' resistances. This would be possible by offering owners of land to be acquired "fair market value" prices for land - the sort of price offers "they cannot refuse". This would serve as an inducement or an incentive for conceptual change with respect to the release of land from private hands. This may not be too high a price for the government to pay if the long run benefits to the public are its overriding concern, and if the incidence of the costs of public acquisition actions on individual owners are considered relative to the incidence of the financial cost to the wider society. The wider public can better absorb the incidence of such financial costs than individual or small groups of individuals could. Another alternative to this "buying off" approach would be to adopt the principle that ^{were} practised in India, Japan, Korea, Taiwan, Australia and Canada under 'land pooling/ readjustment' technique (Acharya, 1987).

(3) As a way of taking advantage of the existing land policy measures, credit could be made available to land owners to develop their lands themselves as required, and these loans could be recovered from the land owners after development. This strategy would also obviate the need for and the consequent problems of the ULO having to acquire lands itself and develop them directly; as well as also obviating the otherwise financial inability of many land owners to develop their lands themselves. This indirect incentives approach would enable more houses of different quality and price levels to be produced, and therefore made more accessible to all segments of the urban population who need them. It is also likely to increase land supply (by the use of surplus privately owned lands lying idle), and to minimise wastes of land and other resources that are involved in the ULO's direct involvement. This approach would minimise demands on such public funds, which is needed for various National Development Plan Projects, and at the same time achieve the envisaged goals. Moreover, it would be likely to reduce the ULO's needs for money for compensations and developments, which this study has shown to be a serious problem in its operations.

Another alternative for overcoming ^{The} finance problem might take form of indirect administration of land through positive encouragement and regulation. This would mean that housing land, the plan and standards for the required housing types and densities are prepared and laid down. The ULO would therefore, use its or banks credit as a leverage to ensure that these types of developments are

followed. Preferential offers of loans for low-income and lower middle-class developments, for example, could be made to developers at incentive rates for such required developments.

In this sense, then, the ULO's function would essentially consist of administrative measures directed at: (i) facilitating the development of urban land through the guaranteeing of finance to land owners and developers. (ii) regulating and encouraging the use of simple standard in housing. Finally, the ULO or any such other agency has to be adequately funded for the purposes assigned to it, if it is to function effectively. It is true to some degree that, "institutions are ineffectual unless they are given access to and control over the resources necessary for operating. The increasing gap between the mandate of many human settlement institutions and the resources effectively placed at their disposal is one of the principal causes for the widespread crisis in urban management in industrialised and developing countries alike." (UN, 1965). The ULO should be adequately financed and provided for, in the regular annual government budgeting process as its (ULO) revenues goes directly into the government treasury.

To aid the financing of private developers, as proposed, the ULO essentially has to act as an instrument for removing institutional obstacles to financing the needs of all people in urban land development by the administration of loan or mortgage guarantees. This would not involve a need for direct funds by the ULO, but only the

credibility to be accepted as a guarantor of loans by commercial banks and other credit institutions for those wishing to borrow for urban land development. The merging into the ULO of the other government or quasi - government urban housing credit institutions like the Housing Bank will greatly improve and facilitate this proposed financing function and improve urban land development goals and objectives in general.

Another possible source of finance for low income applicants is via 'Qard-alhassaneh'. Banks and funding institutions are allowed to make small loans from their deposits under this rubric to depositors, or those recommended by depositors, for such purposes as house maintenance, or on such occasions as marriage, or illness. Repayment terms are tailored to the means of the individual but the charges do not exceed the cost of servicing the loan. Qard-alhassaneh funds are made more accessible to poorer clients and if they could be extended, would greatly aid them to provide decent shelter for themselves.

Appendices and Bibliography

APPENDIX I

Urbanisation in Iran

Urban settlement and an urban way of life are not new in Iran. Ruined land marks at Persepolis, Susa, Ecbatan and many other archeological sites are evidence of its past urbanisation. Since the arrival of Islam in 641, city life has become more important, and the Islamic religion has required the city to achieve social and religious goals, e.g. group prayers, (Planhol, 1959). However, at the turn of the 20th century Iran was basically an agricultural country, but the discovery of oil in 1901 has played a significant role in the development of the Iranian economy. In order to demonstrate the characteristics of the rapid urbanisation in Iran, it is important to trace this phenomenon since 1900. A breakdown of the period 1900-1986 into component intervals (for which comparable data is available) is provided in Table I.

As shown in Table I, the urban population growth rate equalled the national growth rate of the total population until the mid-1930s; that is, prior to the mid-1930s, there was no considerable movement of population from rural to urban areas, and cities grew mostly by virtue of the natural growth in their population. It was actually during the period 1934-41 that for the first time, the growth rate in urban population exceeded that of the total population. Hyper-urbanisation or the excessively rapid

Table I
Annual Growth Rate of the Population and
its Rural and Urban Components:1900-1986.

Period	Total Population	Rural	Urban
1900-1926(a)	0.75	0.75	0.75
1926-1934(a)	1.37	1.36	1.38
1934-1941(a)	1.35	1.08	2.37
1941-1956(a)	2.30	1.40	4.40
1956-1966(a)	3.10	2.10	5.10
1966-1976(a)	2.70	1.10	4.90
<u>1976-1986(b)</u>	<u>3.90</u>	<u>2.30</u>	<u>5.40</u>

Sources: (a) Bharier, 1968; 1977. (b) Iran Statistical Centre 1988.

growth of urban areas in the country occurred still later i.e. during the period 1941 to 1956, when the rate of growth in the urban population was almost doubled in comparison to the natural growth rate of the total population. This ratio between the growth rate of the urban population and the total population in the country has remained persistent from the early 1940s onwards.

Rapid increase in population of Iran in this century has been simultaneous with the growth of the old cities and the emergence of new cities (Bharier, 1968). The census of 1956 shows 31.4% of the total population to be urban and the remaining 68.6% to be rural. In ten years (1956-1966), these proportions changed to 38% urban and 62% rural. By 1976, the pattern of urbanisation in Iran rapidly changed and the balance of spatial distribution of

population shifted towards a higher concentration of population in the urban areas. The urban population had increased to 46.7 percent of the total population by this year. The number of urban centres increased from 249 in 1966 to 365 centres in 1976 (census, 1976). The process of urbanisation was enhanced even further by 1986 when about 27 million people were living in urban centres. That is, more than 11 million residents added to the 1976 urban population (Table II).

The process of urbanisation in Iran has been closely associated with three major factors: the improvement of health conditions in urban areas; rural-urban migration caused by the uneven process of economic development (characterised by rural poverty on one hand and industrialisation and commercial development in cities on the other); and reclassification of some rural areas as urban centres in the 1976 national census due to the increase in their population. According to the Iranian National Census of 1976 all areas with 5,000 population and over were classified urban centres. A strong relationship between population growth and urbanisation was found to exist for Iran. In his study Toshtzar (1985) stated that for each unit of increase in the overall population (urban & rural), which embraces one million inhabitants, there will be 0.867 unit of increase in the rate of urbanisation (percentage of people living in the urban areas).

In Iran as elsewhere, urban growth does not advance at a similar rate for all levels of urban hierarchy. Of

particular interest are cities with population of 100,000 inhabitants or greater and an annual growth rate of more than 5 percent. This size category of city increased in number during the last two decades, similar to results reported for India (Ahmad 1965). Total figures for the urban population of both 1966 and 1976 censuses show that more than 70% were concentrated in the 42 largest cities

Table II
Rural and Urban Population Centres
Annual Average Growth Rates

Year	Urban	Rural	Total Population	Total%
1956(a)				
Population	5,954,500	13,001,000	18,955,500)	
Percent		31.42	68.58	100.00
A.G. Rate	5.1	2.1	3.1	
1966(b)				
Population	9,795,000	15,944,000	25,789,000	
Percent		37.98	62.20	100.00
A.G. Rate	4.9	1.1	2.7	
1976(b)				
Population	15,797,000	17,865,000	33,662,000	
Percent		46.92	53.08	100.00
A.G. Rate	5.4	2.3	3.9	
1986(c)				
Population	26,991,543	22,611,241	49,857,384	
Percent		54.65	45.35	100.00

Sources:(a) Bharier (1968), (1977). (b) UN Demographic Yearbook)1982-1984).(c) Iran Statistic Centre 1987.

in the country. One explanation of this being the strength of the "pull" of big cities in the country which caused a major problem in urban settlement in Iran. This has meant that the resources of the urban centres have not been able to cope with the requirements of this concentration of population. Government's efforts to increase these resources have not been successful and since urbanisation is still on the ascendancy, the situation continues to be a problem. For example, one such resource that has been under strain^{is} housing.

Perhaps no other element affects more people so directly as does housing. The collective impact of housing on people, on their growth, and on all aspects of their life demands that it receives very careful attention in both urban and rural planning effort today (Abrams, 1964). The endeavour to provide housing is rendered even more complex due to the pre-revolutionary government's neglect. The 1965 census of Iran revealed that 86% of the population of Iran were 'very poor', defined as people who were not able to meet their most basic needs. Housing for poor people is extremely inadequate, for example, in 1964 in Khayva, a town with a population of 8000 located in the west of Iran, one lavatory served an average of 10 to 15 houses of poor people (Pirnia, 1971). With regard to tenure, 59.4% of the total Iranian households in 1965 owned both the land and the building, 12.3% owned the building only, 16.2% lived in rented quarters while the remainder lived in rent free houses.

Up to 1978, the provision of housing in Iran had been

the responsibility of the Sazman Maskan institution. Table III illustrates that this institution provided about 38,000 units in Tehran and the rest of the country during the years 1965 through 1978, while it was estimated that by 1988, it would be necessary to build as many as 600,000 residential units to settle the homeless population. This estimate excludes the dwelling units destroyed or damaged during the Iraq-Iran war. This housing shortage does not affect all urban residents equally. The poor and low-income families have been the main victims of the housing crisis due to unequal distribution of land and housing ownership amongst various social classes. The urban poor have generally been left to solve their own housing problems; many of them have had to enter the rented housing sector where high rents have resulted in the implementation of control regulations without much success. Those who cannot afford such rents have been forced into poor accommodation in shanty towns.

According to the Ministry of Housing and Urban Development reports, 2.2 million dwelling units were needed to meet the needs of the new urban population within the ten years period 1973-1983 (MHUD, 1974). This means a projected 220,000 units a year, though actual figures of completed dwellings in recent years have not exceeded 75,000 units a year. The Ministry's best hopes were to build 1.8 million units during 1973-83 period (under the 5th and 6th Five Year Plans), but even that would have left the country short of its target by 400,000 units. Moreover, these figures related only to the existing population, i.e. the increased population and the

demand for better housing were not taken into consideration. The housing deficit in Iran has attained a critical level and a large number of people are presently living in inadequate conditions of shelter. It was estimated that in 1978 the cities were approximately

Table III
Sazman Maskan Developmental Activities
in Housing Production, 1965-1978
(by year)

year	units	year	units
1965	3,896	1972	754
1966	2,728	1973	3,367
1967	703	1974	5,298
1968	131	1975	2,640
1969	373	1976	3,714
1970	4,214	1977	3,613
<u>1971</u>	<u>3,981</u>	<u>1978</u>	<u>3,020</u>
<u>Total</u>			<u>37, 834</u>

Source: Sazman Maskan, Tehran 1979.

925,000 housing units short of the demand being made by the urban dwellers (Mashhoodee 1980). "It is important to note that during 1978-79, the total number of urban residents throughout the country was 17 million people, and thus calculations show that the rate of homelessness in urban regions has been approximately between 27 and 54 percent of all urban residents in the entire country" (Mashhoodee 1980). The consequences of such large housing deficits were increases in land values on a day to-day

basis, land speculation and the creation of squatter settlements in the capital Tehran and other provincial centres such as Tabriz, Esfahan, and Ahwaz.

Most squatter settlements are formed by rural immigrants who are seeking better economic opportunities in the city than are available in their original place of residence. "Most of these groups are illiterate and unskilled, and as they cannot be absorbed in the urban labour market, the "push factor" of the city forces them into the peri-urban fringe areas. They cannot afford the cost of living in the city, because of their low wages in the unskilled jobs they take on", (Mashhoodi 1980). Owing to this situation, they have no alternative for meeting their housing needs than to build their own dwelling units. Low-income urban families who cannot afford the rising rent due to the shortage of housing stock and certain other factors also join them in the formation of squatter settlements. Payne (1977) observed a similar situation in India "the combination of high urban growth rates, inappropriate policies, and inequalities in distribution of resources, has created situations in which a large proportion of urban population are unable to afford the conventional minimum dwellings" (Payne, 1977).

More than ever before, the problem of housing the homeless urban families appeared critical during the last decade of the pre-revolutionary government (1968-1978), with about 50% of the cities' population living in substandard dwellings. The population growth rate of large cities, particularly provincial centres, has been steadily

increasing, while the net addition to housing stock had been inadequate to stop the overcrowding and deterioration of the low-income housing conditions. However, housing production failed to catch up with the increasing population needs in major urban centres.

The problems of housing deficit, apart from continuing rural-urban migration and population growth, have originated due to the lack of:

- an overall policy for housing. The first step in dealing with the housing situation is existence of a comprehensive housing policy. Unfortunately this was neglected until the last day of the pre-revolutionary regime.

- urban land control policy during the last three decades. There has been a continuously popular argument concerning the rise of land prices in Iran, with several hundreds of articles written on this matter (Ettela'at, 1971). However, there has been very little change in the situation. Due to this, the high price of land, the gap between incomes and shelter costs have increased.

- sufficient government investment in the Fourth Development Plan (1968-1972). The government investment for housing was only 7 billion rials, entirely insufficient. In fact, most of the funds were allocated for government buildings, and housing must compete with other government jobs for priority in funds, staff, and execution.

-sufficient loans from financial institutions. There were too many restrictions which do not allow a low-income family to use the loans given by financial institutions. The situation is such that even middle-income families do not have enough financial support to build a house.

However, the most critical problem of housing development in Iran has been the lack of availability of urban land at a reasonable price. This is associated with vast increases in the price of land, not only in the major urban areas, but in all other parts of the country. Land speculation on urban land in the period 1974-1979 reached its peak position where even the Pre-revolutionary Iranian regime was afraid of the outcome of the situation. The price of land rose drastically and became nearly equal to the building cost. In 1975 the cost of land was 60 to 80 percent of the construction expenses (Iran Almanac 1976). At some locations in Tehran, land costs could reach as high as 300,000 rials (\$4200) per square meter. According to an official declaration, 60-80 percent of vacant plots in the major cities were owned by landlords and speculators, (Ibid, 1977). The middle class and low-income families remained homeless and their poverty and deprivation increased day by day. Such an impoverished life style can be observed in most of the provincial centres and the capital Tehran.

APPENDIX II

The Urban Waste Land Ownership Abolition Law (UWLOAL)

ratified on June 13, 1979

Declaration of the Law

According to Islamic law, "undeveloped" land is not considered to belong to anyone, and it belongs to the Islamic state. The possession title and deeds registered by the previous regime have not been in the national interest and in contrary to Islamic law as well. For these reasons the UWLOAL is approved as the following:

Article no. I: The state has to inform the owner of any land situated within cities' legal (25 years) limit in urban areas where a legal limit is defined, to develop their own land (in accordance with the detailed city master plan regulations), within a specified period of time. Otherwise, the land shall be subject to expropriation without compensation. The legal limit shall be determined by the Ministry of Housing and Urban Development, for those urban areas lacking them.

Sub-article, the minimum time span of three years will be given by the state to those persons who are not homeowners but own a small plot of land to build their dwelling units.

Article no. II: The acquired lots of land must be subdivided by the state in order to supply them to

applicants who wish to build their dwelling units. The construction should be in accordance with the detailed Master Plans, building codes and regulations of each city.

Article no. III: The procedure of classifying land as "undeveloped", allocation of the acquired plots, determining the area of land (mentioned in sub-article of article no.I) in each region, and the way by which the owner will be informed, shall be held in accordance to a regulation which will be proposed by the Ministry of Housing and Urban Development, and ratified by the Ministers Cabinet.

Article no. IV: The ministry of Housing and Urban Development is responsible for implementing this law.

Urban Waste Land Ownership Abolition Law

(Regulations ratified on July 16, 1979)

Chapter 1. Announcement to Land Owners.

Article no. I: The Ministry of Housing and Urban Development (MHUD) is obliged to make a declaration through the national newspapers and other public media for the benefit of the land owners to which the sub-article of article no.I of this law applies.

They have to develop their land within the specified time period prescribed in article no. I of this law, otherwise at the end of the period the land shall be expropriated without any compensation.

Chapter 2. Regulations for Land Classification and Developing the Waste Land.

According to this law, the "undeveloped" land is the land that has remained vacant, neglected, or has not undergone any type of development. The "developed" land may be subject to the following provisions of this section.

2.1 The land should be in the form of a dwelling unit and its development must have been recorded in the registered ownership document.

2.2 In case where a building has been demolished with some built area remaining, the "developed area" shall be equal to four times that of the undemolished area.

2.3 At least three- quarter of agricultural lands' areas should be under cultivation- in order to be classified as developed land.

2.4 Fieldgarden allotments in which six (3-years old or more), plants have been planted in each 100 square meter, given that at least three- quarters of their area is under cultivation.

2.5 The type of land-use, falling within subsection 3 and 4, above, cannot be modified. But the owners can build a dwelling unit for their personal accommodation, provided that the floor- area shall not exceed 250 square metres.

Article no. III: Those owners whose lands are included by the provision of sub-article of article no.1 of this law, and there is no specific time prescribed in their building permit, have to consult the pertinent offices within two months of the issue date of this regulations, in order to be given specific time for completion of their dwelling units.

Article no. IV: Those who have been issued a building permit and have started developing their land before the approval of this law amendments, are obliged to develop their land within the time span of the building permit, and in accordance with the standards of these regulations. The owner should consult the municipalities in case of a building permit with no specific time limit.

Chapter 3. Characteristics of Land to which the Sub-article of Article no. I of UWLOAL Applies.

Article no. V: The area of the small plot of land prescribed in the above mentioned sub-article is 1000 square meters for the urban areas with a population of more than 200,000 according to the 1976 census. In areas where the population is less than 200,000, the area shall be 1500 square meters.

Sub-article (a) In cases where the area of land is more than the area specified in article no. 5, and the excess cannot be subdivided or be useful in an independent plot, it will be disregarded.

Sub-article (b) The ownership of a dwelling unit prescribed in sub-article of article I of the UWLOAL, means full ownership of the dwelling by one person.

Article no. VI: The specified time span for the development of a small plot of land, to which the sub-article of article one of the UWLOAL applies, may be subject to the provision of this article as follows:

a) in urban areas where the (1976 census) population is less than 50,000, the specified time span shall be six years from the issuing date of the building permit.

b) in urban areas where the (1976 census) population is more than 50,000, and less than 200,000, it will be five years from the issuing date of the building permit.

c) In urban areas where the (1976 census) population is more than 200,000, it will be four years from the issuing date of the building permit.

Article no. VII: Owners whose dwelling units (at the date of the approval of the UWLOAL) are mortgaged to a bank for a dwelling loan, are not considered as homeowners. The sub-article of article no. I of this law is applied to them.

Article no. VIII: Equity owners of a plot of land to whom sub-article of article no.1 is applied, can develop their shares individually, in accordance with the provision of this chapter.

Chapter 4. Waste land determination.

Article no. IX: Owners of land to whom one or some of the sub-articles of the article no. 2 of this regulations are applied, have to apply within three months for "developed" land certification to an organisation which shall be established by the Ministry of Housing and Urban Development.

Article no. X: Owners to whom the sub-article of article no.1 of this law applies have to apply to the organisation defined in article no.9 for a certificate of a "developed" or "to develop" their land.

Article no. XI: The waste land owned by ministries, organisations, public sectors, and state companies shall be invested in the Ministry of Housing and Urban Development.

Sub-article, the public endowments or "Waqf" in which the certificate of title and Waqf statement implies that some type of development has been carried out on the land, are to be considered as "developed". However, in some ways they are subject to clauses b-f of article no.2 of this provision. In cases where alteration in the type of land-use (rather than what recorded in the Waqf statement) is necessary, it should be confirmed by the Ministry Cabinet.

Article no. XII: The Ministry of Housing and Urban

Development shall determine the 25 years legal city limit.

Article no. XIII is cancelled.

Article no. XIV: When the municipalities are not able to issue a building permit for an applicant in respect to the Master Plan or other limitations, the Ministry of Housing and Urban Development shall be authorised to grant a plot of equal value to the applicant by means of a statement issued by the municipalities.

Article no. XV is cancelled.

Chapter 5. Land Allocation Procedures.

Article no. XVI: All land which is acquired by the state and situated within the services limit of the city, shall be allocated freely to the related organisations for public services establishment. In cases where the acquired land is more than that required for services, then the land shall be allocated to the private sector applicant according to the municipalities' proposal.

Article no. XVII: All land situated outside the city services limit but inside the legal limit, should be divided on the basis of detailed Master Plan criteria. Land which will be provided for the development of urban public services shall be allocated to the related organisations. The land which shall be allocated to the private sector should be sold for development with the consent of the municipalities and other responsible

bodies.

Article no. XVIII: Land which is divided and laid out for the construction of single-unit residential buildings shall be sold to eligible applicants by ballot, in cases where the number of applicants excess the number of plots the priorities for allocation are as follows:

a) The applicant and his wife and children do not own any dwelling unit.

b) The date of residence and employment in the place of application should not be after March 1973, those who have a longer period of residence shall be given priority.

c) The applicant should provide evidence of the availability of sources of finance for the construction costs.

Article no. XIX: The Ministry of Housing and Urban Development shall determine the price of land based on the average cost of infra-structure provision, a percentage for other overhead costs and the type of land use.

Article no. XX: In cases where the construction of high rise buildings are in accordance with Master Plans criteria, the applicants can implement their project in one group selecting one person as their authorised representative subject to the special provisions of article no. 18 of this law.

Article no. XXI: Companies specialised in housing development can apply for land in order to construct single-unit or high rise residential complexes. The sale price of these dwelling units shall not be more than the price determined by the Ministry of Housing and Urban Development .

Article no. XXII: The land certificate of title shall be submitted to the applicant after the completion of his dwelling unit.

Article no. XXIII: The implementation date of these regulations shall be determined by the Ministry of Housing and Urban Development in each individual city.

The legal bill of annexing 3 articles and 2 sub-articles to the Urban Waste Land Ownership Abolition Law (UWLOAL).

Article no. 1: The Urban Land Development Organisations are entitled to distribute the land which have been acquired by the virtue of sub-article of article no.1 of UWLOAL, in order to ease land supply to the public for construction of housing or public services. An equal plot of land shall be given on compensation to the holders of a contingent "Developing Certificate", when their land is expropriated. The area of compensated land shall not be more than the expropriated one, and in any case should not exceed the quorum mentioned in article no. 5 of the UWLOAL implementation regulations.

Article no. 2: The state urban land prices are calculated as follows:

a) 40% out of 30% of the retail values of land (which determined by the Estate Evaluation Commission in 1966) are accepted as a base price.

b) Plots of land which are located within the legal city limit- 10% shall be added to their base price.

c) Plots which are included the Master Plan- 10% shall be added to their base price.

d) Plots subject to inclusion in the subdivision map- 10% shall be added to their base price.

e) Plots included on public road network map- 10% shall be added to their base price.

f) Plots having access to piped water- 10% shall be added to their base price.

g) Plots having access to electricity- 10% shall be added to their base price.

h) Plots having access to gas pipe or telephone cable- 10 percent shall be added to their base price.

Sub-article, the benefit collected from items 1-4 shall be the municipalities funds.

Article no. 3. General Assembly of Urban Land Development Organisation of Tehran and other ULDOs are authorised to adjust the land price of gratuitous land to the poor as needed.

Urban Land Law (ULL)

17 March 1982

Article no. I: In order to reach the goals of Articles 31, 43, 45, and 47, of the Constitution of Islamic Republic of Iran, which obliged the government to provide housing and public services, and save the national economy by preventing any land speculation and leading capitals investment towards the cornerstone productive sectors (agriculture & industry), by the virtue of Imam Khomini permission dated Sept. 28, 1981, which authorised the Islamic Parliament to ratify and dispose the Urban Land Law and temporary implementation (5 years).

Article no. II: Urban land is the land located within the legal limit of cities and towns.

Article no. III: The urban Mavat (waste) land is the land which has never been developed (virgin land).

Article no. IV: The urban Ba-yer (undeveloped) land is the land which had been developed once and gradually degraded to Mavat (waste) land.

Article no. V: All the urban Mavat (waste) land shall be the possession of the Islamic state, and the previous

documents are abolished, unless these documents were re-issued by the Islamic state after Feb. 22, 1979.

sub-article, all estate deeds which have been acquired virtue of the UWLOAL shall be free from any mortgage or personal debt.

Article no. VI: A plot of urban land equal to the quorum of article no. VIII shall be given for development to those who officially own a plot of urban Mavat land but who do not have a proper dwelling unit. If the land remain undeveloped it shall be regained by the state.

Sub-article, those who conventionally possess a plot of urban Mavat land, before the ratification of the UWLOAL and have reported their ownership to the local authorities shall be given a contingent "Developing "certificate.

Article no. VII: The Islamic state shall be the right owner of all Ba-yer (undeveloped) land which has no specific ownership.

Article no. VIII: Owners of urban Ba-year (undeveloped) land are permitted to develop or sell to the state an area of less than double the subdivision quorum, not more than 1000 m². The quorum shall be determined by the Ministry of Housing and Urban Development in those areas which have no quorum.

Sub-article (a) Collective owners shall be subject to this article, unless they are under each other's

obligation (members of one family unit), except as wife. In this case just only one "Developing" certificate shall be issued to them. The regulations of this law shall determined the ways of subdivision and allocation of collective shares.

Sub-article (b) Those whom are subject to articles VI and VIII of this law and own two plots of land (one Mavat & one Ba-yer), which collective areas are more than the quorum of article no. VIII, can choose just one of these plots. In any case just one Developing certificate shall be issued to a single family unit.

Sub-article (c) transmission of shares between collective owners is permitted. After transmission, the total area of each individual owner shall not exceed the quorum of this article (1000 m²).

Sub-article (d) Dwelling cooperative companies which prior to the ratification of this law have official possession of land, by observation of the local subdivision quorum for each individual member, can develop the land. Land surplus to their needs, and undeveloped land shall be subject to this law, and shall be possessed by the state.

Sub-article (e) The transaction price of land shall be the base for the state land evaluation.

Article no. IX: Urban Mavat (waste) and Ba-yer (undeveloped) land owners are obliged to sell their land

to the state and municipalities as needed. This sale price shall be determined by the state. Land exceeding 3000 m² in area could be compensated from other state land which has equal value to the acquired land.

Sub-article (a) Land possessed previously by the state or banks, which all or part of its price has not been paid shall be subject to the provisions of this law.

Sub-article (b) The land shall be transmitted in the cases of refusal, absentee, or have no recourse of owner, even if the estate is in mortgage, or any other civil difficulties, after declaration of the Ministry of Housing and Urban Development (MHUD). In this case the MHUD shall sign the transaction deed on behalf of the owner. If the owner has recourse later he/she will receive land or monetary compensation, after presentation of the required clearance.

Article no. X: Land owned by ministries, government institutions, banks, government organisation, and revolutionary foundations shall be in the ownership of the Ministry of Housing and Urban Development, from the date of ratification of this law.

Sub-article (a) Municipalities and pertinent organisations and companies are exempted from this article, but have no right to transmit such land without the permission of the Ministry of Housing and Urban Development. To supply public services needs or for replace compensation of land located in the urban design,

permission is needed.

Sub-article (b) Mavat (waste) Waqf land shall remain in Waqf (endowment). Any case of land transaction by Owqaf (endowments office), or other response bodies shall be possible after the approval of the MHUD.

Sub-article (c) All lands invested in ULO, by the virtue of this article shall be allocated gratuitously, to ministries and organisations for establishment of their official installations, as required.

Article no. XI: In accordance to the general policy of the state and the regulations of this law , the MHUD is obliged to allocate and develop Mavat and Ba-yer land. The city legal limit of Tehran shall be under the supervision of the municipality.

Sub-article (a) The government is exempted from paying any duties, such as tax, stamp, registration fees etc.

Sub-article (b) Land price for transaction should not exceed the regional price of land (transactional value), but if the expenditure of land acquisition and preparation exceed the transactional value, the sale price shall be equal to the expenditure.

Article no XII: Classification of land (Mavat, Ba-yer and Da-yer), shall be the responsibility of the Appraisal Commission (AC). This commission composed of representatives of the Ministries of Justice, Housing and

Urban Development and the local mayor, in accordance of regulations of this law. The commission's verdict could be challenged at the local court within 10 days after the declaration of the MHUD. The local court shall give priority to the appeal for consideration. The sentence issued by the court is non-appealable.

1991	1992	1993	1994	1995
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

Appendix III

	Years	1975	1976	1977	1978	1979
Average price of one square metre of land	Urban Areas	3851	7114	8309	6611	3877
	Tehran	11,519	18,783	19,505	16,176	5079
	Major Cities	3934	6756	7378	6842	4431
	Other Cities	1353	2950	3969	4096	2816
Land as a percentage of final cost of a house	Urban Areas	45.4	49.8	47.1	40.6	28.4
	Tehran	49.9	55.4	50.8	41.0	25.2
	Major Cities	43.9	47.0	46.9	41.3	31.2
	Other Cities	38.8	43.4	41.5	40.2	29.1
Cost of land in Billion Rials £1 = 220 Rials in 1979	Urban Areas	89	153	199	181	121
	Tehran	49	80	92	63	39
	Major Cities	22	39	58	54	43
	Other Cities	18	34	49	64	39

Source: Ministry of Housing and Urban Development report 1985, Tehran, Iran.

APPENDIX IV

THE SURVEY QUESTIONNAIRE

Respondent's Age:

20-29
30-39
40-49
50-59
60 and more

Marital Status:

Married
Divorced
Widowed

Education Level

Illiterate
Primary school
Secondary school
High school
Higher education

Place of Birth

Ahwaz
City in Khuzistan Province
Rural in Khuzistan Province
City Outside Khuzistan Province
Rural Outside Khuzistan Province

How long have you been living in Ahwaz city?

less than 5 years
5-9 years

10-15 years
15 years and over

Occupation

Unemployed
Self- employed
Private Institution employee
Government Employee

Main Occupation

Army
Academic
Civil servant
Educational
Medical
Technician
Unskilled worker
Housekeeper/ retired
Judicial

Which Category Does Your Monthly Income Fall in?

Less than 20,000 Rials
20,001-50,000 Rials
50,001-80,000 Rials
80,001-100,000 Rials
100,000 Rials and over

How many children do you have?

.....

How many members are there in your household including

yourself?

Give exact number please.

The responses were grouped in:

Less than five member

5-10 members

10 members and more

Type of household:

Nuclear Family

Extended Family

Other (specify)

Have you received banks' loan for purchase of plot/house?

Yes

No

What proportion of your dwelling cost does the acquired loan constitute?

25 percent

25-50 percent

51-75 percent

75 percent and more

Is your income sufficient to cover the loan repayment and your daily needs?

Yes

No

If no, what alternative do you have in overcoming your budget deficit?

More working time

Selling belonging

Sub-let part of your dwelling

Others

What was the main motive which attract you to the ULO's schemes?

Cheaper than free market

More privacy

More space

Ownership of a house

How long did it take you to receive land or house from ULO?

Less than 6 months

6-12 months

1 year and more

Why did you prefer to buy land and build a dwelling rather than to buy a completed house from ULO?

Cheaper

Can ensure quality of construction

Greater flexibility in design to fit your taste

What type of labour did you use in constructing your dwelling?

Contractor

Mason + family and hired labour

hired labour + own labour

hired labour only

Was the plot's area sufficient to house your family?

Yes

No

Did you get your land in the right location you applied for?

Yes

No

Where did you buy your building materials?

Government

Black market

Both

How long it took you to complete your dwelling?

Less than six months

6-12 months

13-18 months

18 months and more

Have you faced any difficulties or delay in completing your house?

Yes

No

What difficulties have experienced and caused the delay of house construction?

Shortage of building materials

Lack of enough funds

Both of the above mentioned

Lack of water supply

Theft of Building materials

How much have you spent on buying the land and building

this house?

Less than 2 millions Rial

2-4 millions Rial

4.1-5.99 millions Rial

6-8 millions Rials

8 millions and more

For what price might you sell your house?

less than 2 millions Rial

2-4 millions Rial

4.1-5.99 millions Rial

6-8 millions Rial

8 millions Rial and over

Do you intended to develop more rooms in your dwelling?

Yes

No

Which one of these reasons was the most important in deciding to choose ULO's land or housing?

Cheaper than free market

More privacy

More space

Ownership of a house

Why did you prefer buying a house?

No other quick alternative

Lack of easy access to building
-materials

Cheaper than free market

When did you move to this house?

Before completion

After completion

Do you think your house fits your taste and expectation?

Yes

No

If no, which aspect of your house do you dislike more?

Design

Location

Space

Where did you live before you move to this house?

.....

What was the reason for leaving your previous residence

Space shortage

High rent

Lack of privacy

Distance from workplace

Lack of public services

How long have you been living in this house?

less than one year

1-3 years

4-7 years

7 years and more

Did you get any sort (specify) of technical help from government?

Yes

No

Do you have access to community services in your neighbourhood?

Yes

No

Which services do you enjoy in your house?

Water

Electricity

Sewerage system

None

All

How satisfied are you about the condition of your house?

Satisfied

Indifferent

Dissatisfied

How satisfied are you generally living in this house?

Satisfied

Indifferent

Dissatisfied

How satisfied are you living in this neighbourhood?

Satisfied

Indifferent

Dissatisfied

What has the move to new residence meant to you and your

family:

Better living conditions

Worse living conditions

No difference

Is there any change in your social position as a result of the move to the new house? Responses were grouped in:

Better general conditions

Feeling of pride in securing a
-house

Enhanced status

Does your level of communication ^{with} your relatives ^{been} subject to any change after moving to this house?

Yes

No

If yes, is it:

Reduced

Increased

No difference

What means do you use in getting to workplace or shopping?

Walk

Bicycle

Motor cycle

Public transportation

Private car

Service car

Do your children go to school?



Yes

No

If no, why?

Lack of school

Too far

Lack of transportation

Cannot afford

Has your distance to work place changed?

Yes

No

If yes, is it:

Increased

Reduced

Are the streets in your neighbourhood in poor condition?

Yes

No

Three types of land and housing distribution were practiced by the ULO in Ahwaz. These are: Individuals, Cooperative Settlements, and Completed houses (Article 67). There were 10,790 households who acquired land for dwelling construction in addition to 200 others receiving completed houses.

A master list containing the beneficiaries name, number of plot and district number was used in selecting the sample. Six hundred households were systematically selected, from the list choosing every 18th entry (300 out of 5,380 from Individuals and 300 out of 5,401 from Cooperatives). The procedures do not violate randomisation because the list was not compiled in any obvious order and consequently all members of the population had an equal chance of been selected. A number of households were chosen from the selected sample for a pilot survey, the rationale of which was to check the reliability of the questionnaire. Further more, half of the households benefiting from Article 67 were selected, bringing the total sample size to 700 households.

The decision to choose beneficiaries from the ULO's Master list rather than from developed sites was due to the relatively high presence of Government employees and well-off groups. The possibility of sites being segregated along socio-economic lines was anticipated by choosing one site, the sample of residents would have been biased rather than representative of the parent population.

Data Collection:

The sample survey was carried out by a team of four researchers between February 10th and May 3rd, 1989. All interviews were conducted in either Arabic or Persian languages. The interviewers were instructed to go next door in case of no response or absence of the targeted interviewee. They were also instructed to call on interviewees' doors between 6-9 pm, although the interviews occasionally lasted until 11pm. Most of the interviews however were carried out between 6-10pm.

Official Interviews

This part represented the non-statistical portion of the study in which data was collected by means of personal interviews and open informal discussions with public authority employees and with personnel involved in decision-making issues as well as the management of policy programmes. The open-ended questions in the interviews covered a wide range of topics including the historical background to urban policies, housing policies and regulations and plans for future developments.

Site Observation:

For the present study, in addition to the outcome of the field survey, site observations were made to obtain fresh information, both qualitative and quantitative, about the housing development. These observations were a valuable means for supporting and interpreting the results of the residential survey. Photography was used as an essential instrument of field observation, as it demonstrates the physical conditions of the dwellings and development of site services.

Data Analysis:

Immediately after collecting the information and returning to Glasgow, the data was coded, transferred to computer files and tabulated, using the SPSSX package on Glasgow University's main frame computing service. Presentation and analysis of the data involved the following:

1. One way tabulation to study the frequency and percentage distribution of responses, and to compare different groups responses.
2. Chi-square and cross tabulation techniques were mainly used to discover and test the relationships among variables.

The chi-square test is a non-parametric technique used in this research to determine whether associations between two or more variables are statistically significant. Given the subjectivity of many of the questions, it was considered unwise to employ parametric statistics.

APPENDIX V

Characteristics of Beneficiaries in Ahwaz

Variables	% of Sub Samples			Total
	Individuals	Cooperatives	Art. 67	
<u>Period:</u>				
1979	6.7	10.0	0.0	7.1
1980-81	24.0	13.0	0.0	15.9
1982-83	14.0	16.3	0.0	13.0
1984-85	40.0	40.0	50.0	41.4
1986-87	15.3	20.7	50.0	22.6
<u>Personal:</u>				
Aged 40+	29.0	22.3	11.0	23.5
Low Income	23.0	28.0	8.0	23.0
Above x Sized Family	47.7	28.7	32.0	37.2
16+ yrs in City	41.7	59.3	45.0	49.7
Primary Educ. or Less	48.3	40.0	24.0	37.4
Semi or Unskilled	26.7	49.0	42.0	47.5
Govt. Employees	52.0	76.0	51.0	73.6
<u>Housing Process:</u>				
State Loan	54.7	100.0	17.6	80.4
Used Contractor	18.7	12.0	irrelevant	13.1
Only Govt. Materials	36.3	50.7	irrelevant	43.5
Completed in 12 mths	28.6	24.3	irrelevant	26.5
Spent over 4m riales	34.4	13.3	irrelevant	24.3
Fully Serviced	24.0	6.3	17.0	15.4
Satisfied with House	75.3	75.7	67.0	74.3
No Difficulties	.7	1.3	irrelevant	.9
(n)	(300)	(300)	(100)	

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