

An Approach to Support Low Income Families' Housing Needs in Developing Countries

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SUMMARY

Urban real estate owners have extremely value increase without investing in their real estates, in general. Some of the causes of this increase are increasing parcel demand depending on population increase, technical and social infrastructure investments of public and developing rights allocated by developing plans. All city dwellers can not be benefited from this value increase homogenously and in the context of social equity. Whereas, the expenditures causing this value increase are covered by common budget of the city. The foresight that public cost and benefits should be allocated to citizens could not be realized especially in developing countries. On the other hand, today, one of the problems faced by developing countries is providing financial source for social housing to low income families. There may be different policy options for financing. The most basic method of this is to increase real estate taxes. When it is thought that real estates are fixed entities having insufficient income, however, additional tax demand from these real estate owners is not realized mostly in practice. So, there is a need for different ways to be recovered this unearned income to public. In this context, there is an important method that is not taken into consideration mostly. This method is to provide recovering of value increase of urban real estates to public. The proposed method in this paper is based on land deduction instead of real estate tax increase as a result of real estate value increase. 45 percent of the whole parcel is deducted, and while 30% of its allocated to such common areas as roads, parks etc., 15 percent of the area is allocated to reserve lands. Reserve lands are used or sold to meet housing needs of low income families. In other words, the method provides a financial system for low income families via deduction of some of real estate value increase from real estate owners. In this context, in this paper, firstly, the concept of land readjustment and urban value increase are identified, then how this value changes is used as financial source for low income families' housing needs described. It is thought that the proposed method will provide an important contribution to social equity.