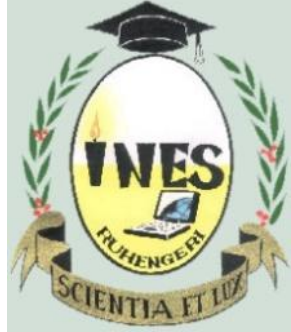




USAID | **LAND PROJECT**
FROM THE AMERICAN PEOPLE



LAND MARKET VALUES, URBAN LAND POLICIES, AND THEIR IMPACTS IN URBAN CENTERS OF RWANDA

**Institut d'Enseignement Supérieur
(INES) - Ruhengeri**

Outline

1. Background and Objectives
2. Methodology & Data Collection
3. Survey Findings
4. Conclusions
5. Way Forward

1. Background & Objectives

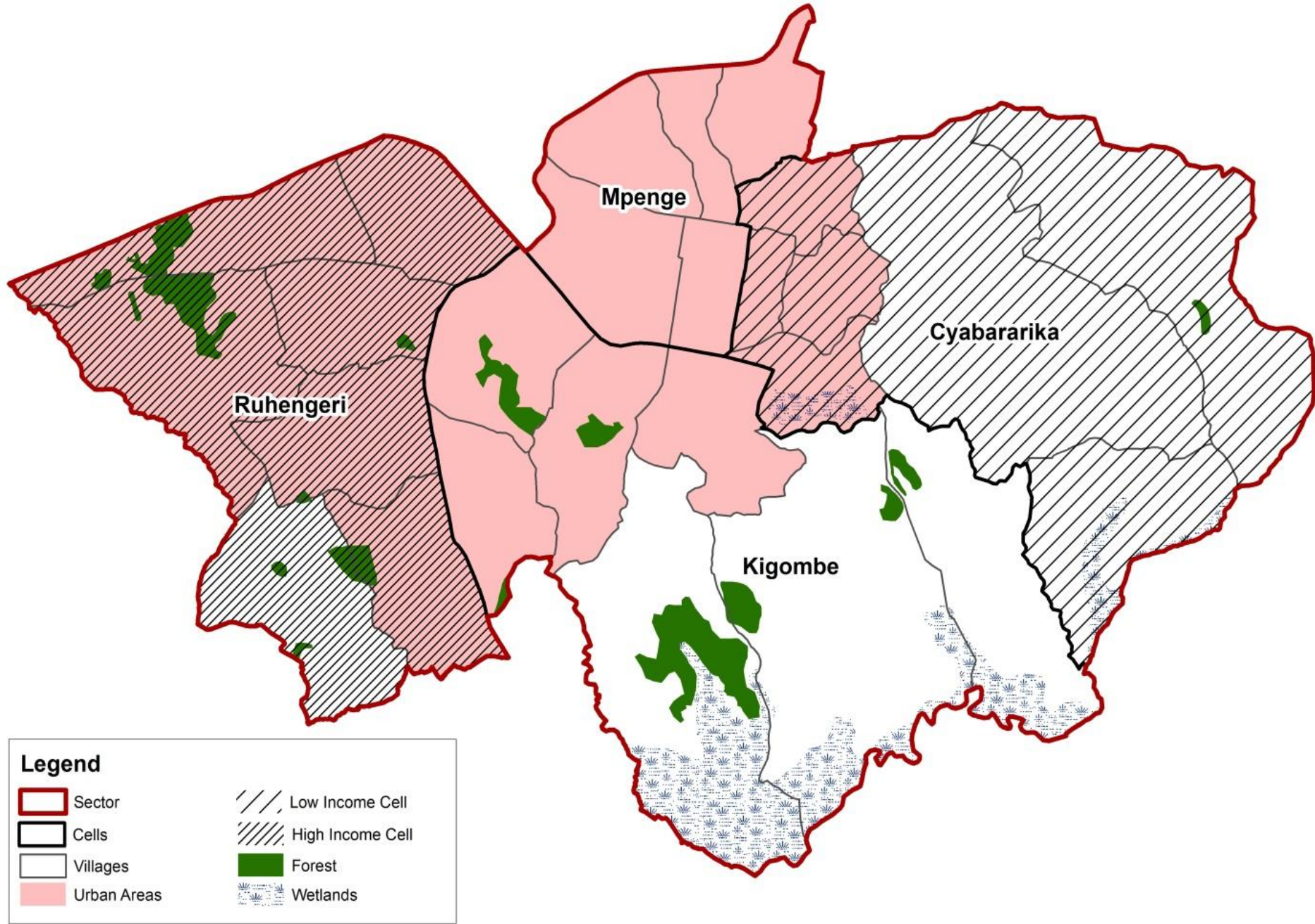
- Factors influencing urban land prices and the impacts on the livelihoods and tenure security in Rwanda have only been scantily studied.
- Against this background, USAID LAND project contracted INES-Ruhengeri to conduct evidence-based empirical research in order to:
 - a) assess determinants of urban land market values and impacts of current urban land development regulations and policies on the urban population of Rwanda.
 - b) increase understanding of the dynamics of urban land markets and the impacts of urban land policies and regulations on people's livelihoods, tenure and the environment.

2. Methodology & Data Collection

- To investigate the determinants of urban land values in Rwanda this study employed the Hedonic pricing model (Asset pricing model).
- The current situation of land sales and rental markets in urban centers of Rwanda was analyzed using data collected from both the survey and available time series information.
- The study evaluated impacts/outcomes of existing urban planning and policy measures (e.g., Titles, Zoning, Master Plans, Expropriation/Resettlement etc.) and analyzed the following aspects among others:
 - socioeconomic diversity (e.g., gender, income, occupation etc.) of urban population;
 - access to public services and living conditions (e.g., education, health, transport etc.);
 - land rights and tenure security; and
 - environmental conditions including access to recreational and green areas, water and sanitation.

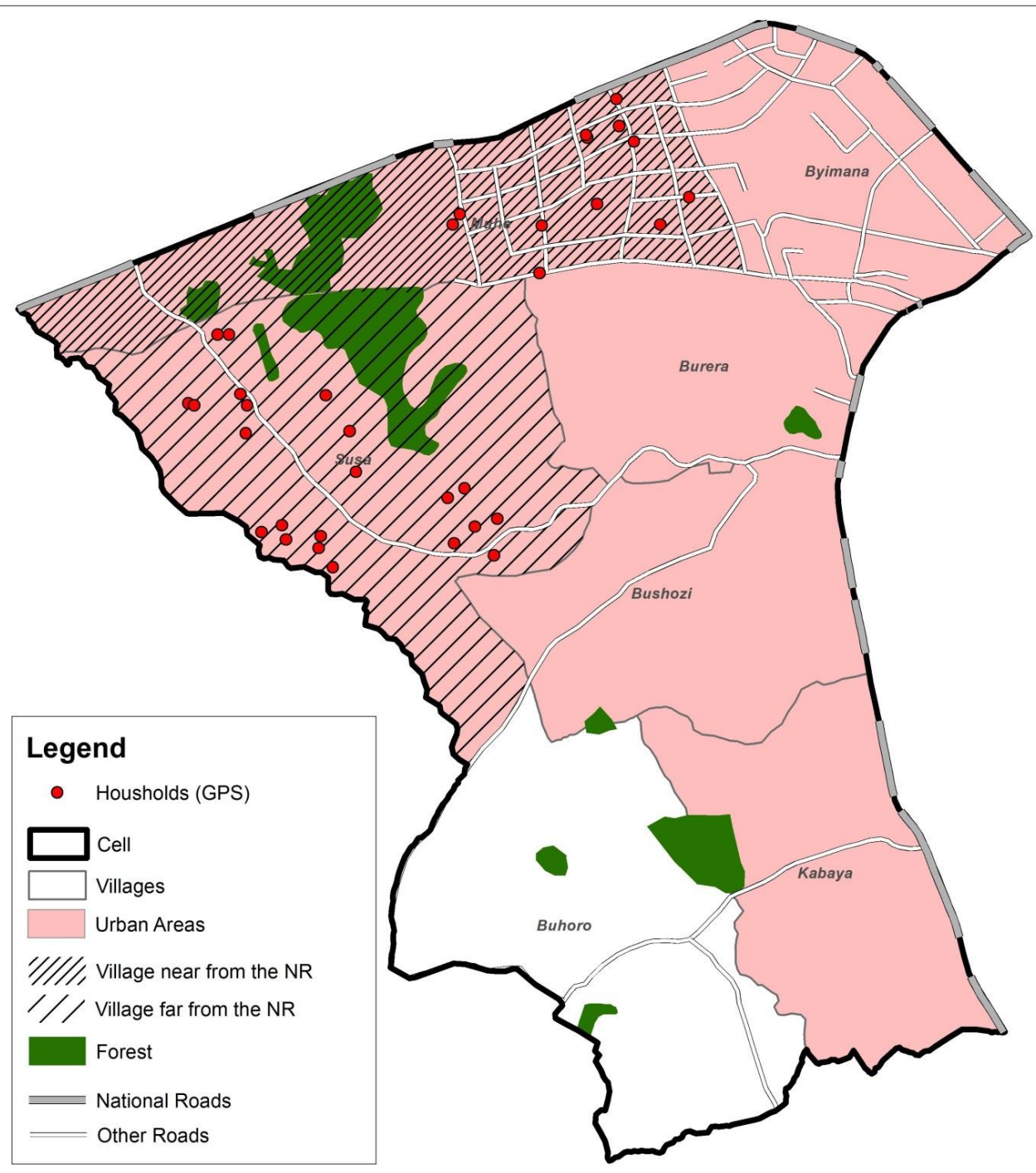
Sampling Framework

- Target population in urban areas of Rwanda.
- Survey covered all 4 Provinces and the City of Kigali.
- Multi-Stage Stratified Random Sampling Method:
 - Stage 1: Selection of urban centers (Sectors) stratified by population density
 - 1 Major town from each Province (Sample size: 75 households each);
 - 1 Medium town from each Province (Sample size: 50 households each);
 - 1 Small town from each Province (Sample size: 40 households each);
 - 15 Sectors in City of Kigali (Sample size: 40 households each).
 - Stage 2: Stratification of Cells within the Sectors into high and low income levels.
 - Stage 3: Stratification of *imidugudu* (villages) within the Cells by distance from the main road (approximated by near and far from the main road).
 - Stage 4: Selection of households within the *umudugudu* (village) by random walk (because of the lack of a household list).
- Total Sample Size: **1260 households in 27 Sectors** (15 in City of Kigali, 12 other Provinces).
- The Sampling Fraction was set proportional to the density of households (with at least 40 households identified per Sector).



High Income Cell and Low Income Cell in Muhoza Sector

Villages near the national road (Muhe) and far away from the national road (Susa) in Ruhengeri Cell



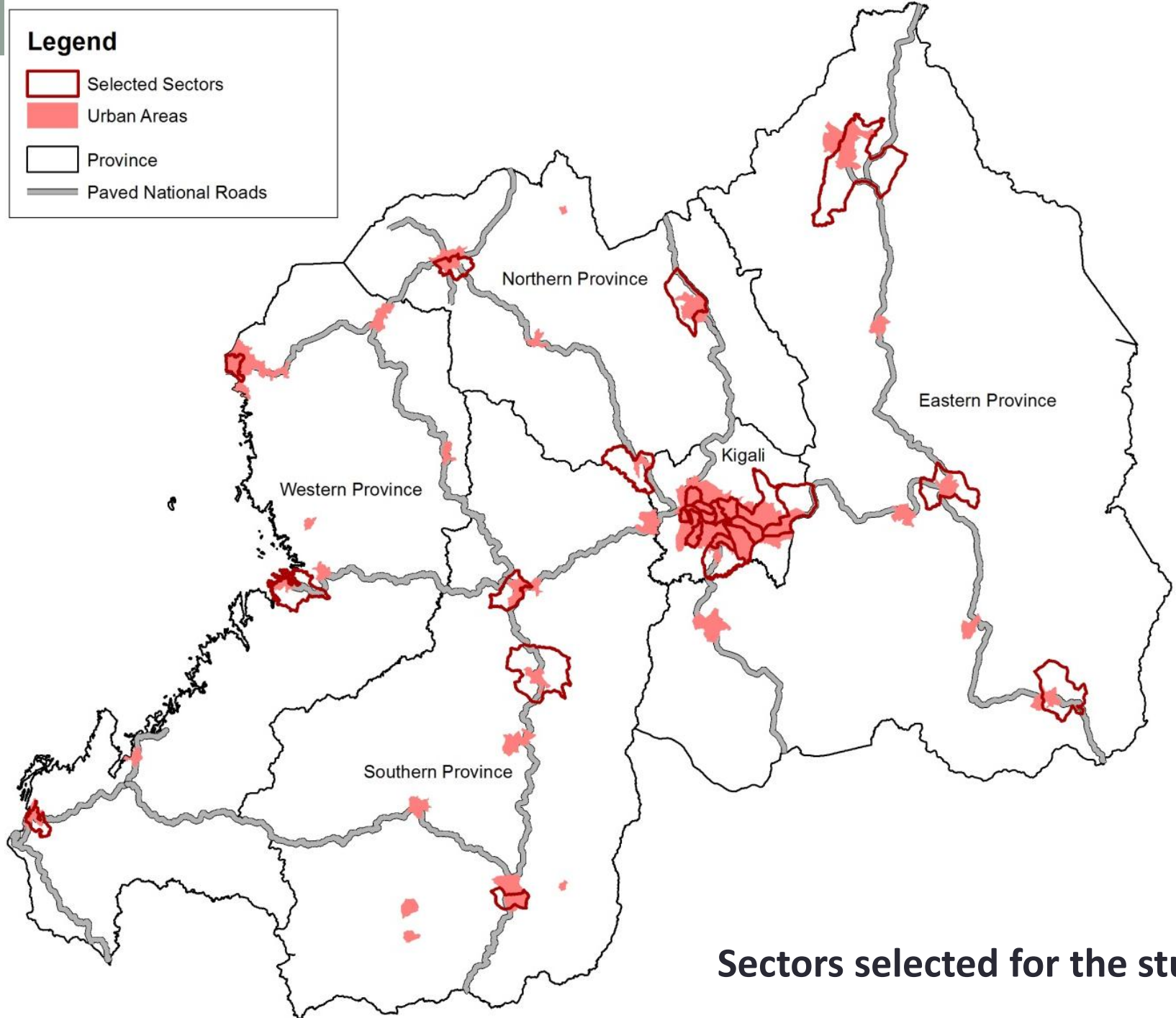
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 Selected Sectors

 Urban Areas

 Province

 Paved National Roads



Sectors selected for the study

Table 1: Study Areas and Sample Sizes *(Source: Rwanda National Population Census, 2012)*

Category	Province	District	Sector	Population of Sector	Sample size for each Sector
Major	Northern	Musanze	Muhoza	52,640	75
Major	Eastern	Nyagatare	Nyagatare	52,125	75
Major	Western	Rubavu	Gisenyi	54,133	75
Major	Southern	Ruhango	Ruhango	66,068	75
Medium	Northern	Gicumbi	Byumba	36,997	50
Medium	Eastern	Kayanza	Mukarange	41,209	50
Medium	Western	Karongi	Bwishyura	32,126	50
Medium	Southern	Muhanga	Nyamabuye	44,831	50
Small	Northern	Rulindo	Shyorongi	23,633	40
Small	Eastern	Kirehe	Kigina	26,931	40
Small	Western	Rusizi	Kamembe	27,091	40
Small	Southern	Huye	Tumba	31,223	40
	Kigali	Gasabo	Rusororo	36,215	40
	Kigali	Gasabo	Kimironko	59,312	40
	Kigali	Gasabo	Ndera	41,785	40
	Kigali	Gasabo	Remera	43,424	40
	Kigali	Gasabo	Kacyiru	36,898	40
	Kigali	Gasabo	Gisozi	44,075	40
	Kigali	Gasabo	Kimihurura	20,704	40
	Kigali	Kicukiro	Kigarama	44,610	40
	Kigali	Kicukiro	Kagarama	14,054	40
	Kigali	Kicukiro	Gahanga	27,859	40
	Kigali	Kicukiro	Kanombe	44,504	40
	Kigali	Kicukiro	Nyarungunga	39,375	40
	Kigali	Nyarugenge	Kimisagara	47,133	40
	Kigali	Nyarugenge	Muhima	30,242	40
	Kigali	Nyarugenge	Gitega	28,870	40
				1,048,067	1260

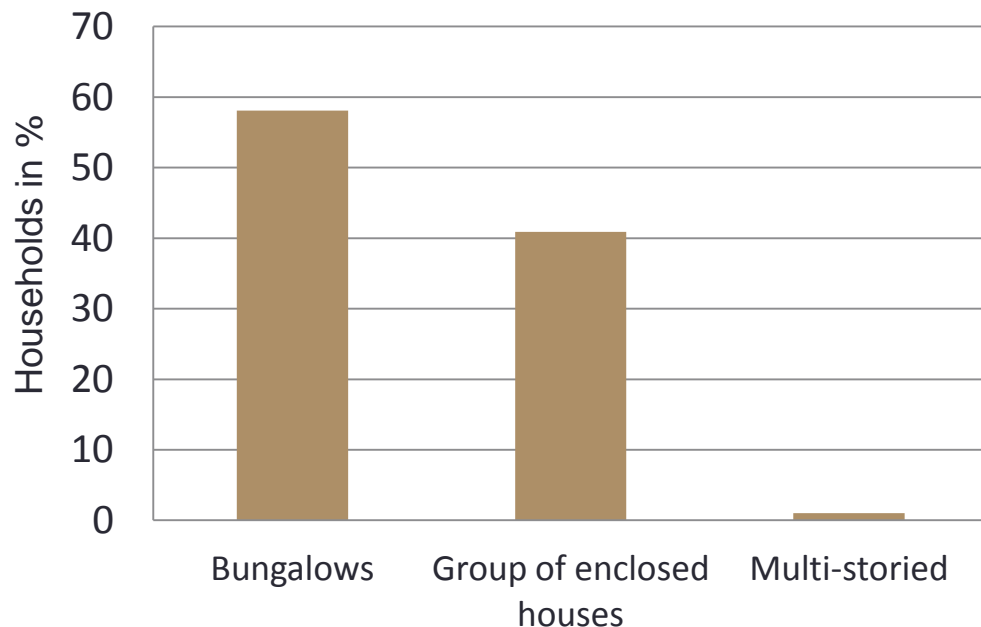
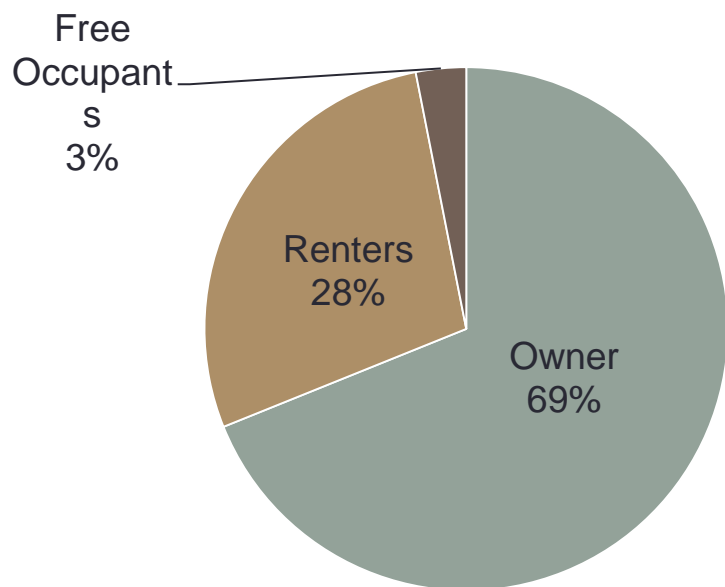
Data for Qualitative Analysis

- **50 Key Informants working in the Land Sector were selected** (but not all of them were contacted) including:
 - Urban community leaders e.g., City Mayors
 - Kigali City Council
 - District Land Bureaus
 - Public institutions
 - Urban landlords
 - Urban real estate agents
 - Urban land administrators
 - Professionals in land administration and management
 - Practitioners in land issues.
- **18 questionnaires were returned.**
- Information derived from the qualitative interviews helped shape the primary data collection (i.e., type of questions, important factors in sampling etc.).

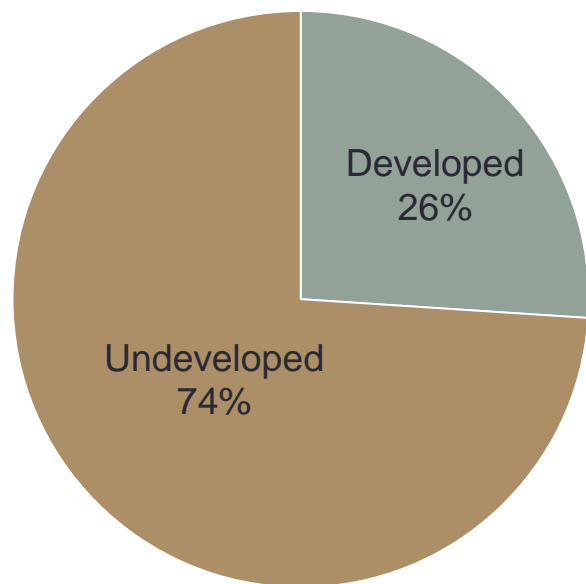
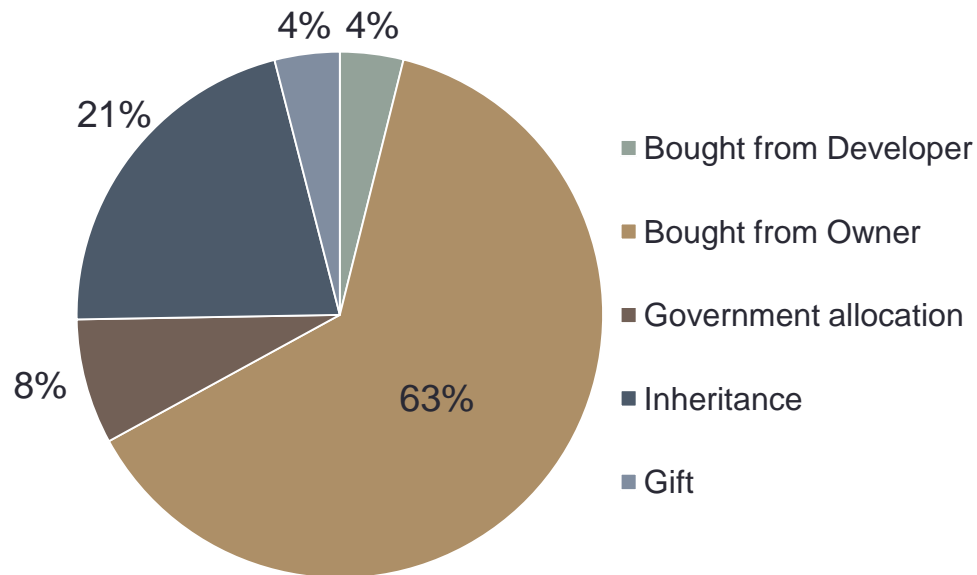
3. Survey Findings

Urban Property Tenure

- High rates (69 %) of property ownership
- Most of the owned property are Bungalows



- More than two thirds (67 %) of owned properties have been acquired through direct market transactions (either bought from owner or developers).



- Most owners who bought property acquired it as undeveloped land (74 %) compared to only 26 % who bought developed properties.

Current Value of Urban Property

- Costs and affordability is a major reason behind choices made between developed and undeveloped properties to buy:
 - Average current value of **undeveloped land: 3.939 Rwf/m²**
 - Average current value of **developed land: 32.215 Rwf/m²**
 - This pattern applies for all three kind of houses (Bungalow, Group of enclosed, and multi-storied houses).
- Further analysis shows **it is cheaper to buy undeveloped land and invest in building** (i.e. purchase price plus development costs) than buying those properties already developed.
- Multi-storied houses are the most expensive houses in terms of their current value:
 - Current value of **multi-storied houses: 182.825 Rwf/m²**
 - Current value of **group of enclosed houses: 35.064 Rwf/m²**
 - Current value of **bungalows: 26.748 Rwf/m²**

Current Value of Urban Property (2)

- A comparison of average purchase price, cost of development, current value and total cost of owning properties by District shows:
 - **Highest value is found in Kicukiro and Gasabo (Kigali City);**
 - followed by Rubavu (Western Province);
 - And distantly followed by Nyarugenge (Kigali City), Musanze (Northern Province) and Rusizi (Western Province).

Rent per month

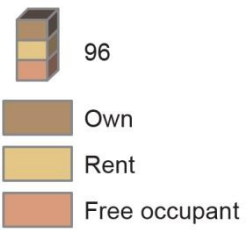
- The order reverses when it comes to rental rates where
 - **Highest average rent reported in Western Province (e.g. Rubavu): 559 Rwf/m²;**
 - followed by Kigali City: 441 Rwf/m².

Property Owned or Rented in Rwandas Urban Centers

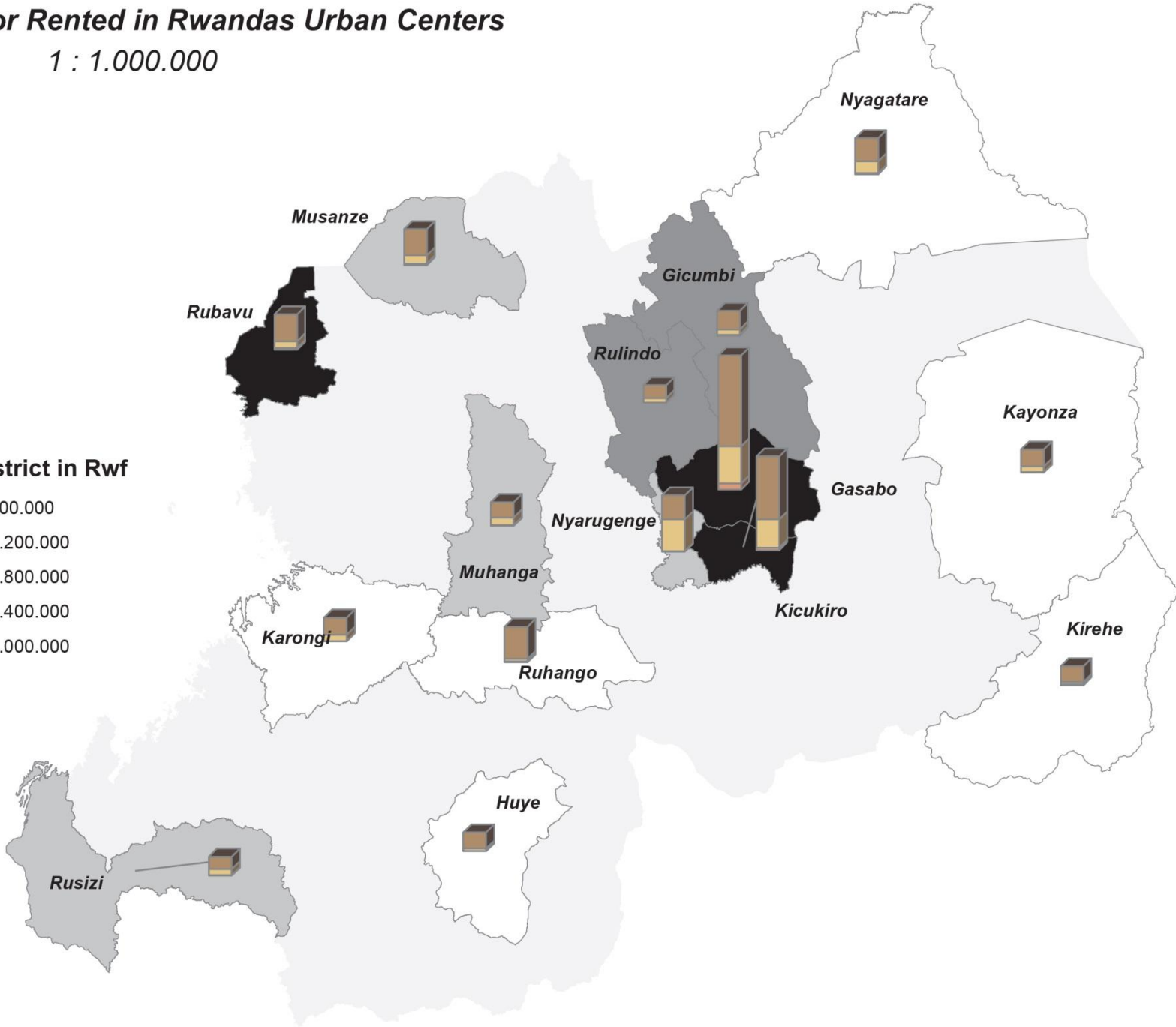
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Property Owned/Rent

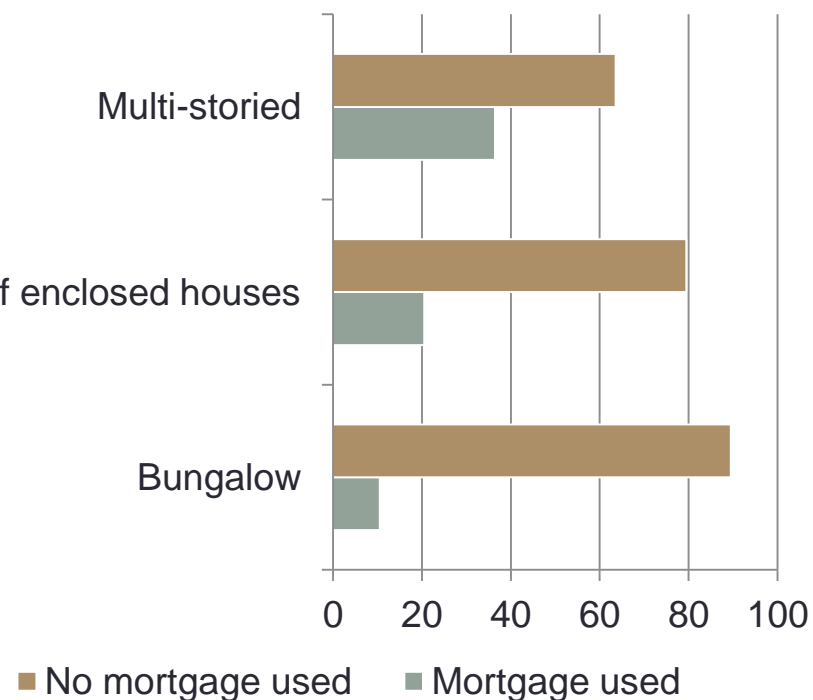


Average Value per District in Rwf



Mortgage Usage

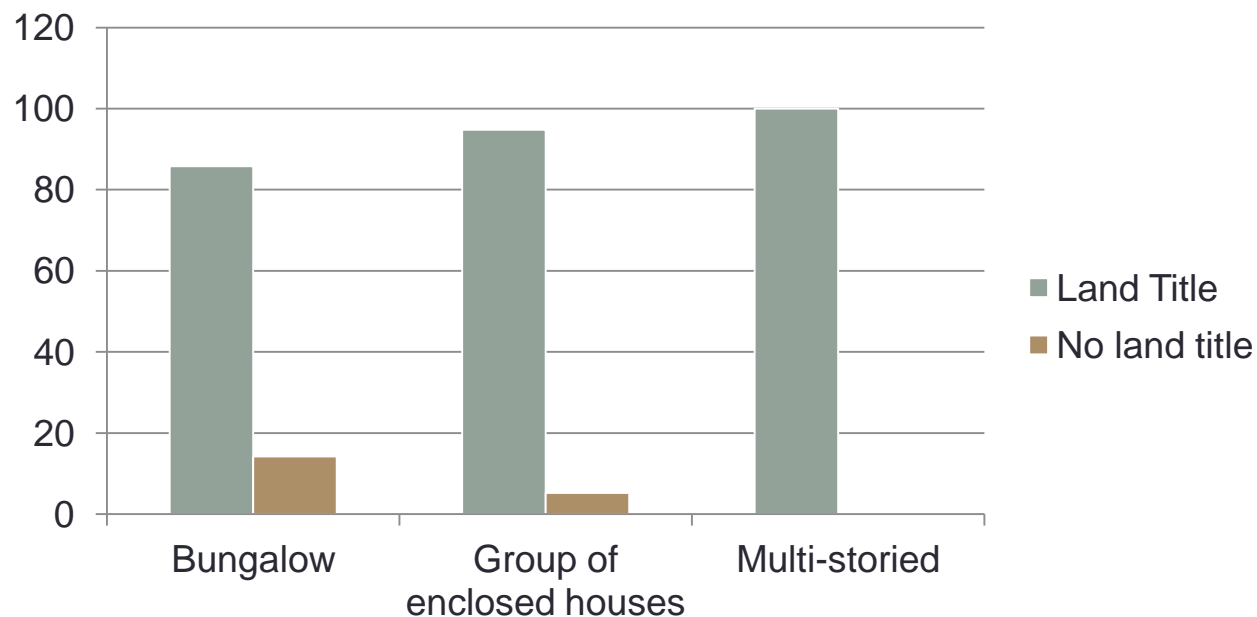
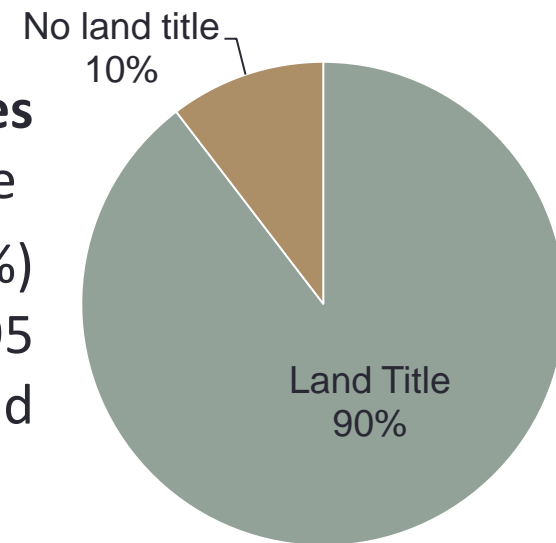
- **85 % of the population, who owns property, did not use a mortgage to acquire the same**
- **36.4 % used mortgage to finance multi-storied properties** – mostly commercial;
- Followed by **enclosed housing properties (20.5 %)**;
- Only **10.5 % of bungalow owners** used mortgages.



- The above findings suggest that **access to mortgage financing of residential development in Rwanda is still limited** and seems to be more available for wealthier buyers such as owners of multi-storied properties.

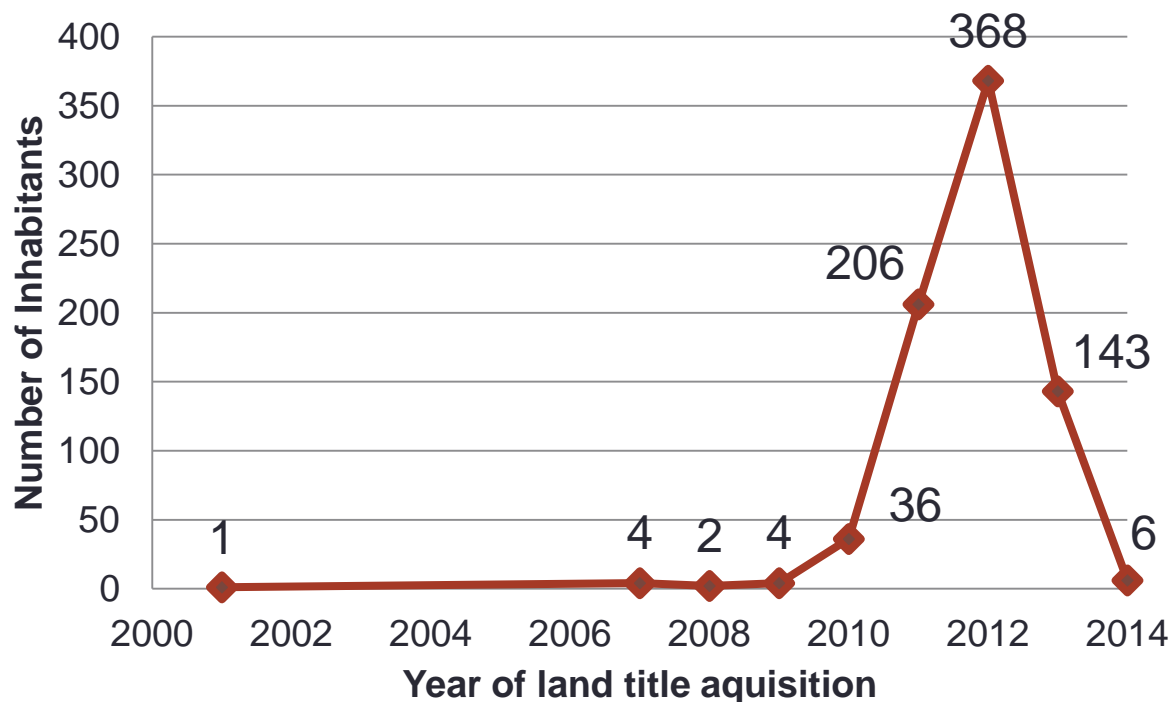
Acquisition of Property Title

- **90 % of the respondents have property titles** compared to 10 % respectively with no land title
- All owners of multi-storied houses (100 %) claimed to have a registered title compared to 95 % of those owning groups of enclosed houses and 86 % of those owning bungalows .



Acquisition of Property Title (2)

- Land title acquisition began increasing sharply from 2010 and continued through 2012.
- Southern, Western Provinces and Kigali City have larger shares compared to Eastern and Northern Provinces.

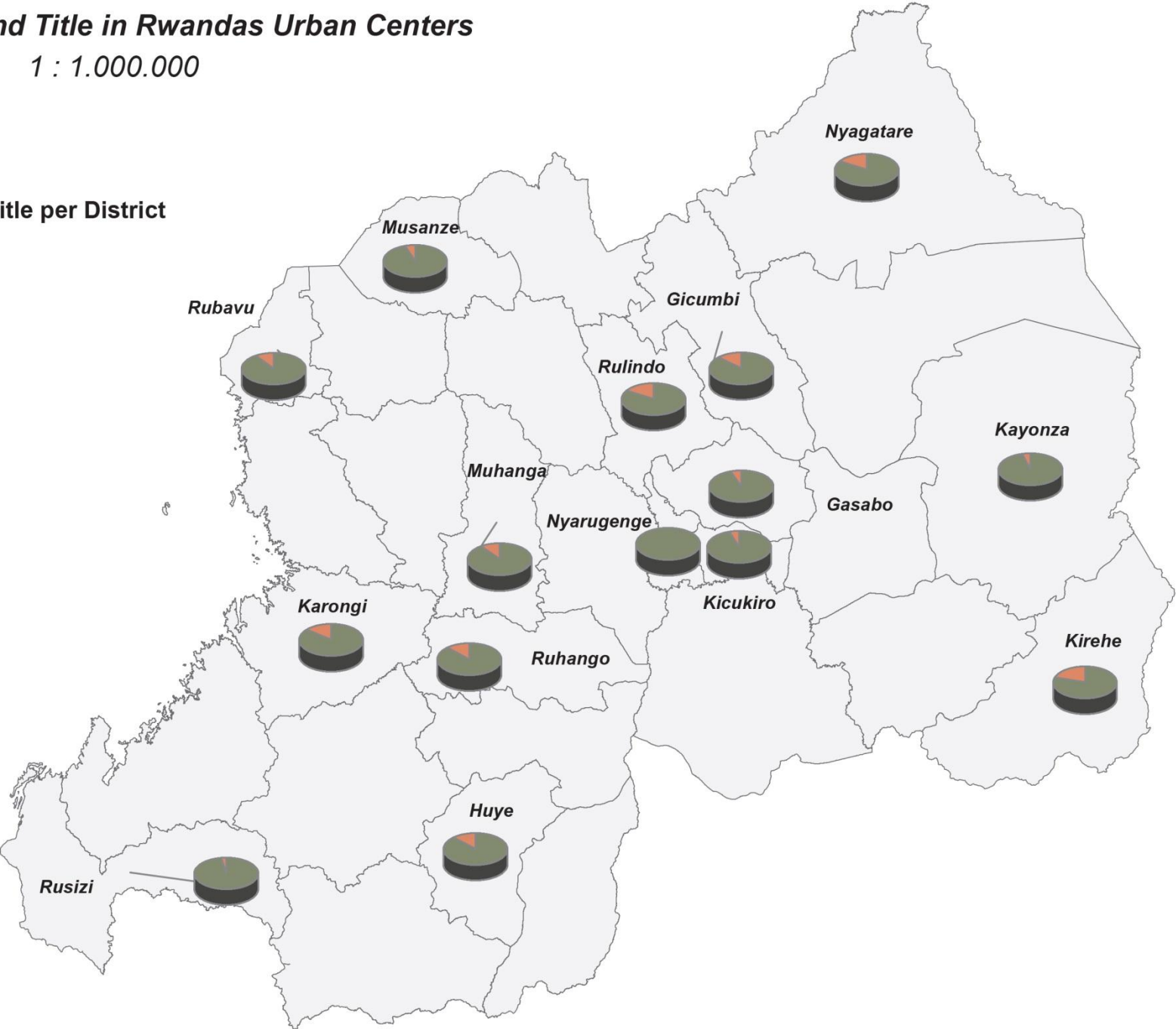


Possession of Land Title in Rwandas Urban Centers

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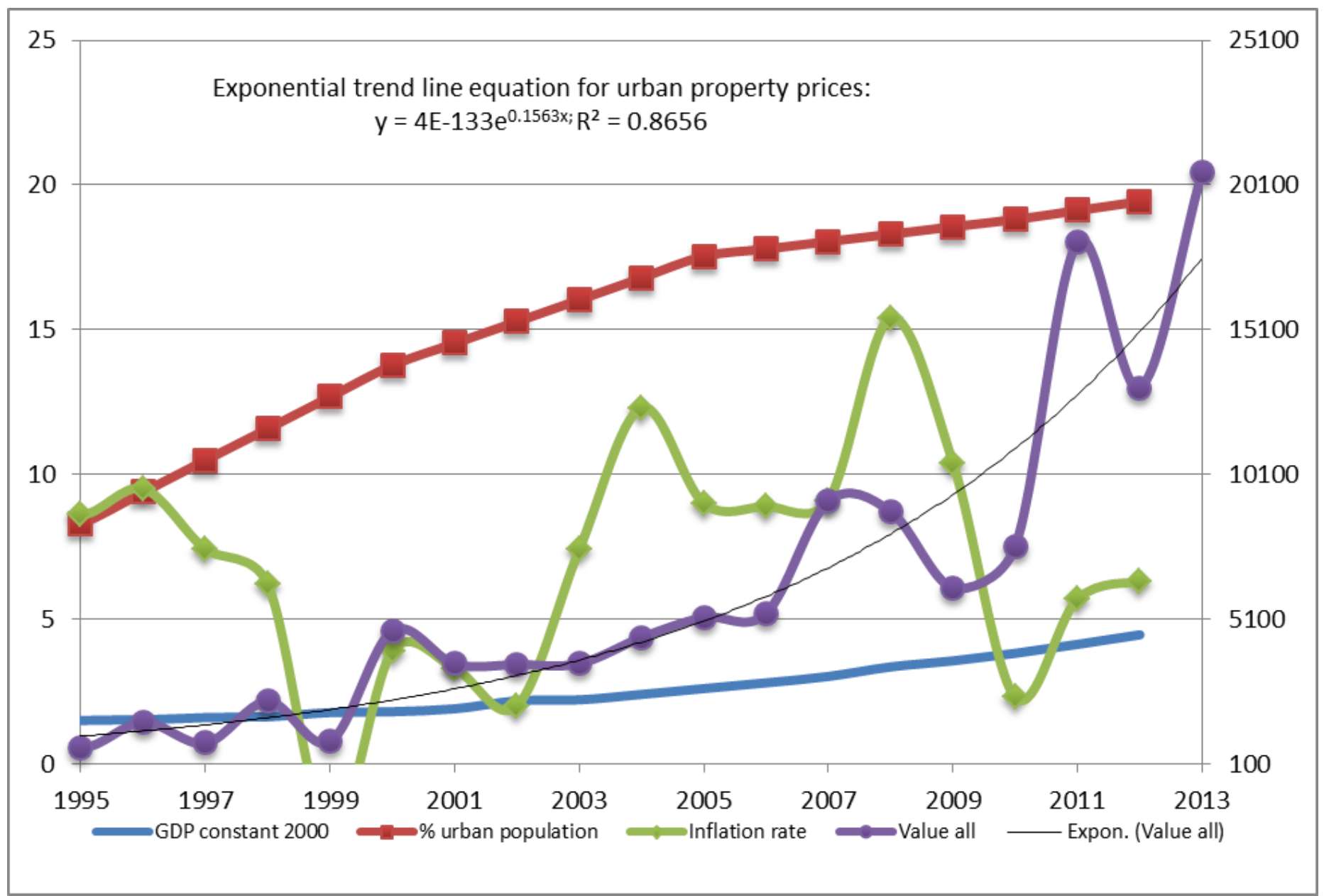
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Possession of Land Title per District



Trend Analysis of Urban Property Values and Associated Drivers

- Results reveal that population growth, particularly **rates of urbanization** and **income growth** are key drivers of urban property values..
- The survey data shows a **mild positive trend of rising property values up to 2005**.
- After **2005 urban property values started a sharp rising trend**.
- Thereafter they **dropped** with low peaks in 2009/2010 and 2012, patterns that seem to follow the inflation trend for those years. However the trend is sharper than the increase inflation.

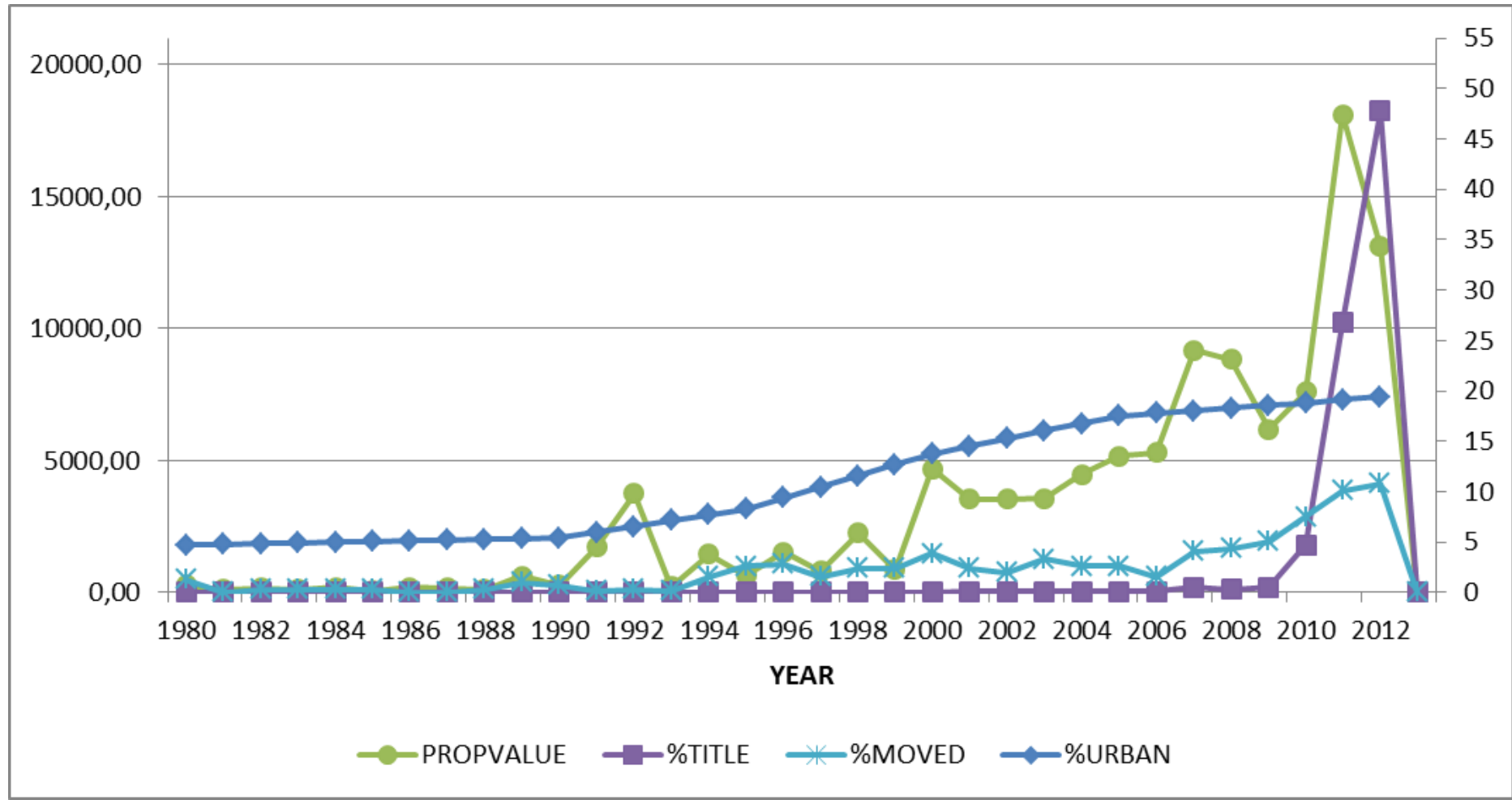


Trend Analysis of Urban Property Values and Associated Drivers (2)

- This suggests **growth in demand for urban land** following the return of people to resettle after the Genocide of 1994 as the rapid urbanization trend line in the Figure reflects for the post 1995 period.
- **While urbanization rates slowed down after 2005, urban property values began faster growth rates** that seem to be influenced by higher growth in income (GDP) as well as possible influences of changes in urban land policies, such as the LTR (Land Tenure Reform) process and planning during that period.

Trend Analysis of Urban Property Values and Associated Drivers (3)

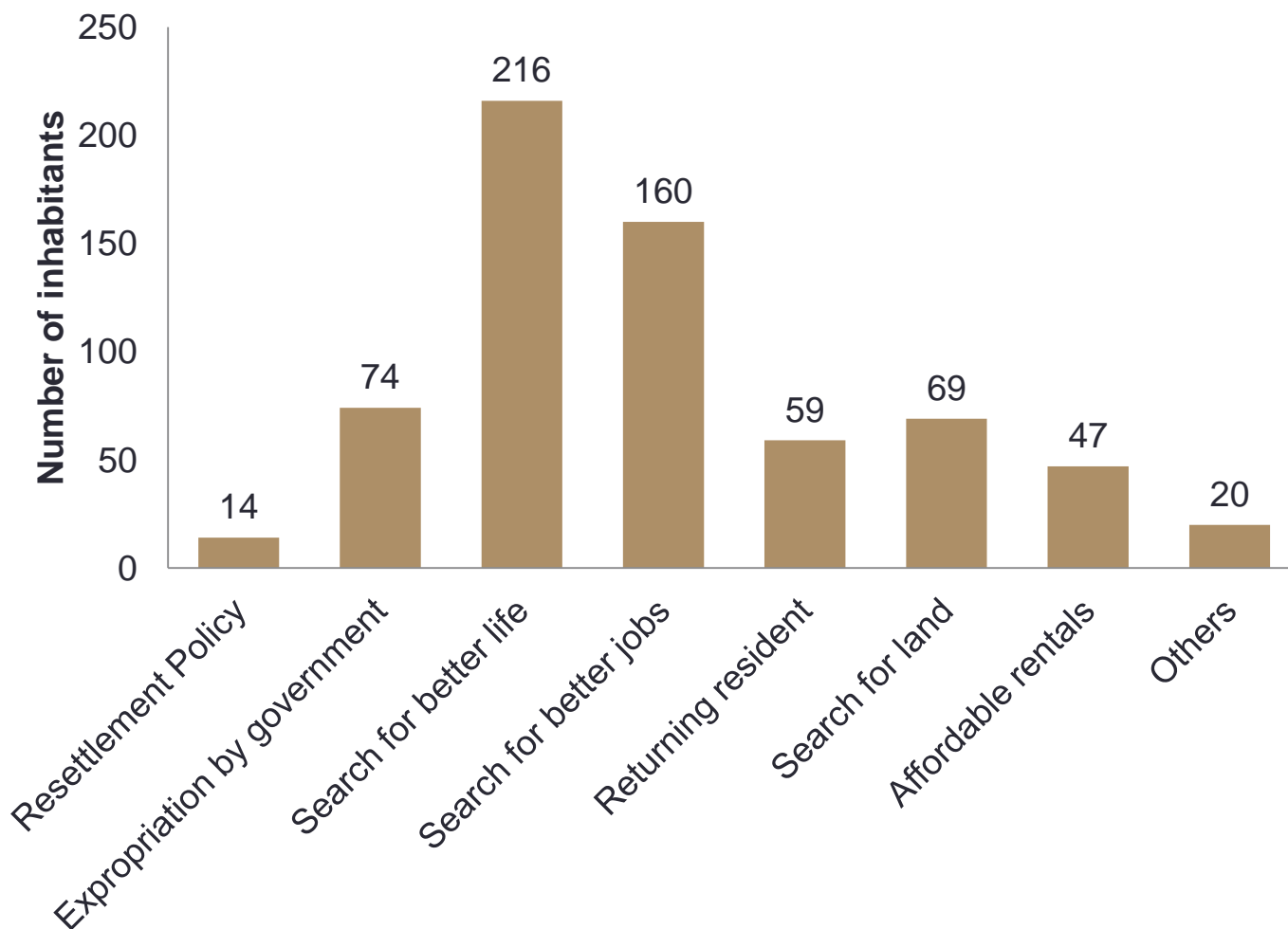
- Results show that the two main factors influencing property prices are “**major investments in property development**” and “**possession of a property title**”.
- Regression results depict a noticeable **correlation** between when the **population moved (migration)** and **urban property value trends**.
- Our survey data on migration seems to agree with secondary data from other sources on the high rate of urbanization.



Trend Analysis of Urban Property Values and Associated Drivers (4)

- Most those who reported moving from another area indicated that they moved:
 - in search of **better life (32.4 %)**;
 - in search of **better jobs (24 %)**;
 - in search of **land (10.4 %)** or
 - because they were **returning (8.9 %)**.
 - The share of respondent who moved to their current urban location due to **resettlement or expropriation by government was 2.1 % and 11.1 %**, respectively (high expropriation, low resettlement).

Trend Analysis of Urban Property Values and Associated Drivers (5)



Determinants of Urban Property Values

- The **cost of further developments of the property** as well as the **time when such investments were made** had modest positive effects on current property values with very high statistical significance.
- The **location of the property** also matters as the effect of being in Kigali has a positive significant effect of 17,866 Rwf/m² more of property value compared to sampled urban areas in other Provinces.
- The **type of property** (bungalow, group of enclosed house, multi-story house) and presence of a flush toilets inside the house are the two structural property features showing positive, statistically significant effects.
- **Access to all weather roads and recreation facilities** are two of the many neighborhood attributes with statistically significant positive influences on property values of 35,103 Rwf/m² and 23,168 Rwf/m² respectively.

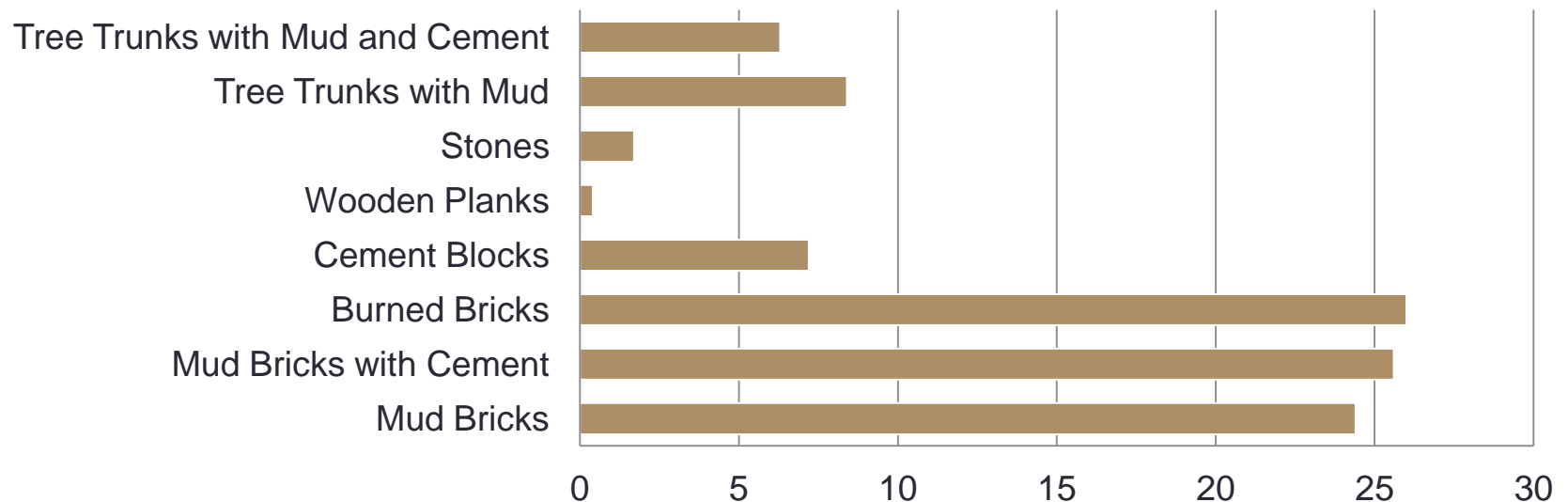
Determinants of Urban Property Rentals

- The **effect of living in Kigali as opposed to other Provinces is negative** and statistically significant for rental prices.
- More structural attributes showed **positive** and statistically significant influences on rentals, including **number of toilets, number of rooms, and unit size**.
- As expected, **rents are lower on properties located farther away from the CBD and recreational facilities** (playgrounds/parks)
- However, being further away from all weather roads seems to be a preferred property attribute as it associated with higher rental rates. This could be due to better environmental or safety conditions (e.g. lower noise, pollution, and traffic risks etc) when one resides further away from primary roads.

Outcomes of Land Market Trends and Policy Measures

Housing Conditions in Urban Areas

- Surveys also revealed poor housing conditions in some areas where 24.4 % of houses are built with mud bricks and 8.4 % are built with tree trunks and mud 8.4 % .
 - Those living in houses build with such materials are unlikely to meet city or town standards housing standards (What solutions?)



Outcomes of Land Market Trends and Policy Measures (2)

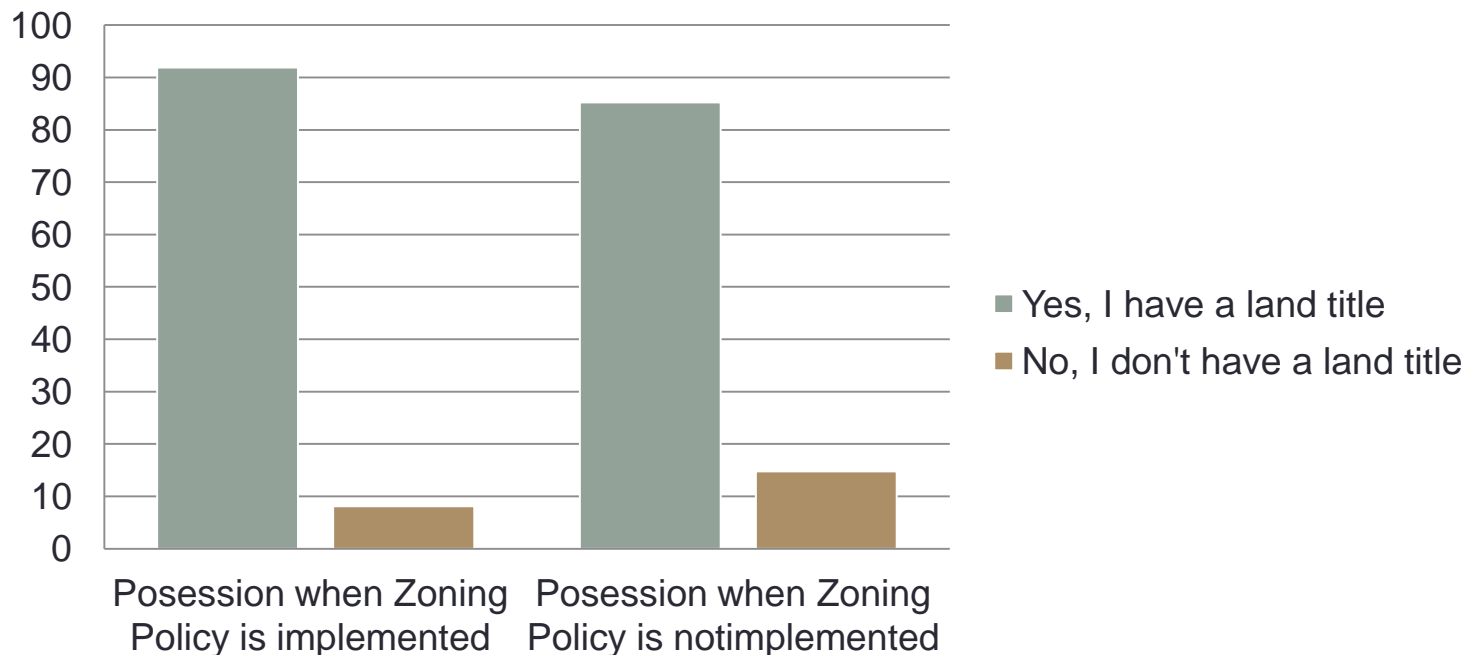
Main Characteristics (Outcomes) of Expropriated/Resettled Groups

- **Expropriated or resettled persons have a lower education level:** 46.1 % of respondents have only completed primary school or never went to school.
- More than 50 % (45 out of 89) of those expropriated or resettled are from **low income groups** and **earning Rwf 100.000 or less per month.**
- Gender also seems to be a factor for being resettled or expropriated: **58.4 % of female headed households**, against 41.6 % of male headed households.

Outcomes of Land Market Trends and Policy Measures (3)

Main Characteristics (Outcomes) of Population in Planned Areas

- Results show that areas where zoning has been implemented are more likely to have people possessing a property title as compared to areas where zoning policy is not implemented .



Outcomes of Land Market Trends and Policy Measures (4)

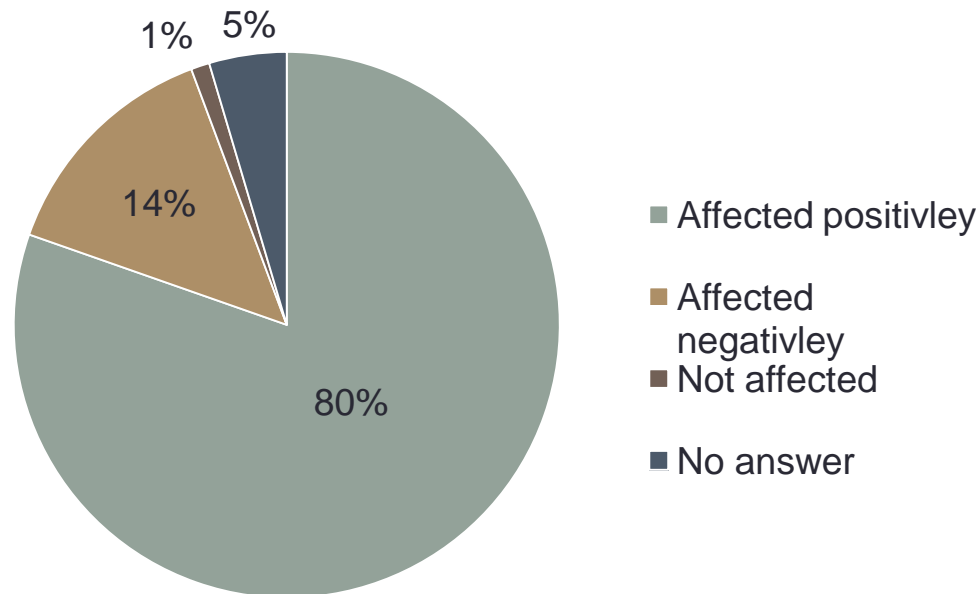
Main Characteristics (Outcomes) of Population in Planned Areas

- Regression analysis shows that the following socioeconomic attributes are more positive in zoned areas than in unzoned areas:
 - Safety;
 - Registered Land titles;
 - Possessing of a high value property (price/m²);
 - Living in a multi-story or in a group of enclosed houses;
 - Possessing of a higher level of education.
- Additional analysis results confirm that the closer the population lives to the CBD the more likely the population lives in a zoned area.
- We found no difference in terms of **living conditions** (i.e. number of people/room) between people living in **zoned** and **unzoned areas**.

Outcomes of Land Market Trends and Policy Measures (5)

Main Characteristics (Outcomes) of Population in Planned Areas

- More than a half (56.7 %) of the surveyed population reported they have not been affected by a Master Plan.
- About **80 %** (438 out of 545) of the affected respondents reported **positive effects**.

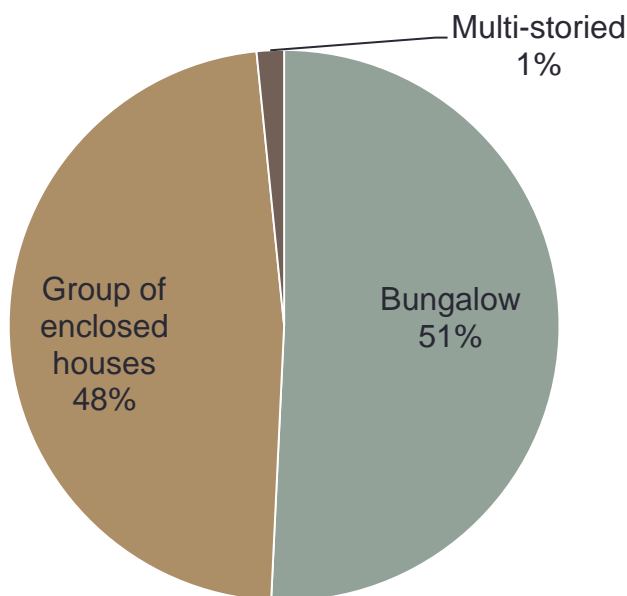


Outcomes of Land Market Trends and Policy Measures (6)

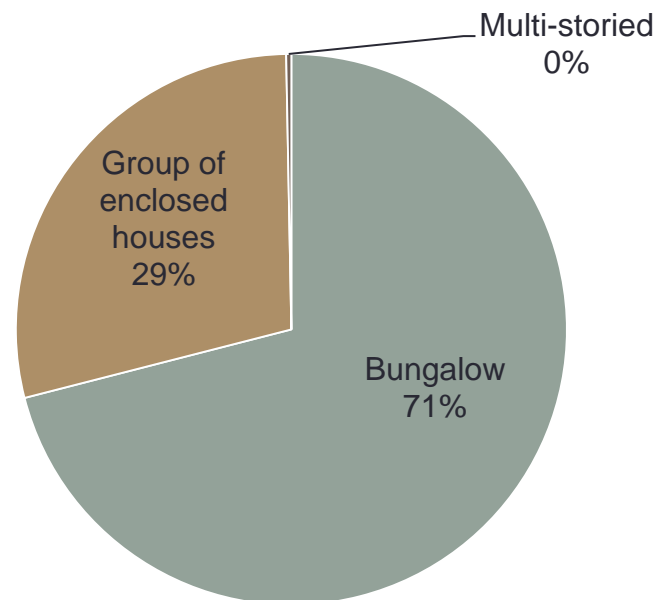
Main Characteristics (Outcomes) of Population in Planned Areas

- The vast majority of multi-storied houses (90 %) are found in zoned areas, followed by groups of enclosed houses (72.2 %), while only 52.9 % of bungalows were in areas which have implemented zoning.

Zoning/Planning Regulations implemented



Zoning/Planning Regulations not implemented



Outcomes of Land Market Trends and Policy Measures (7)

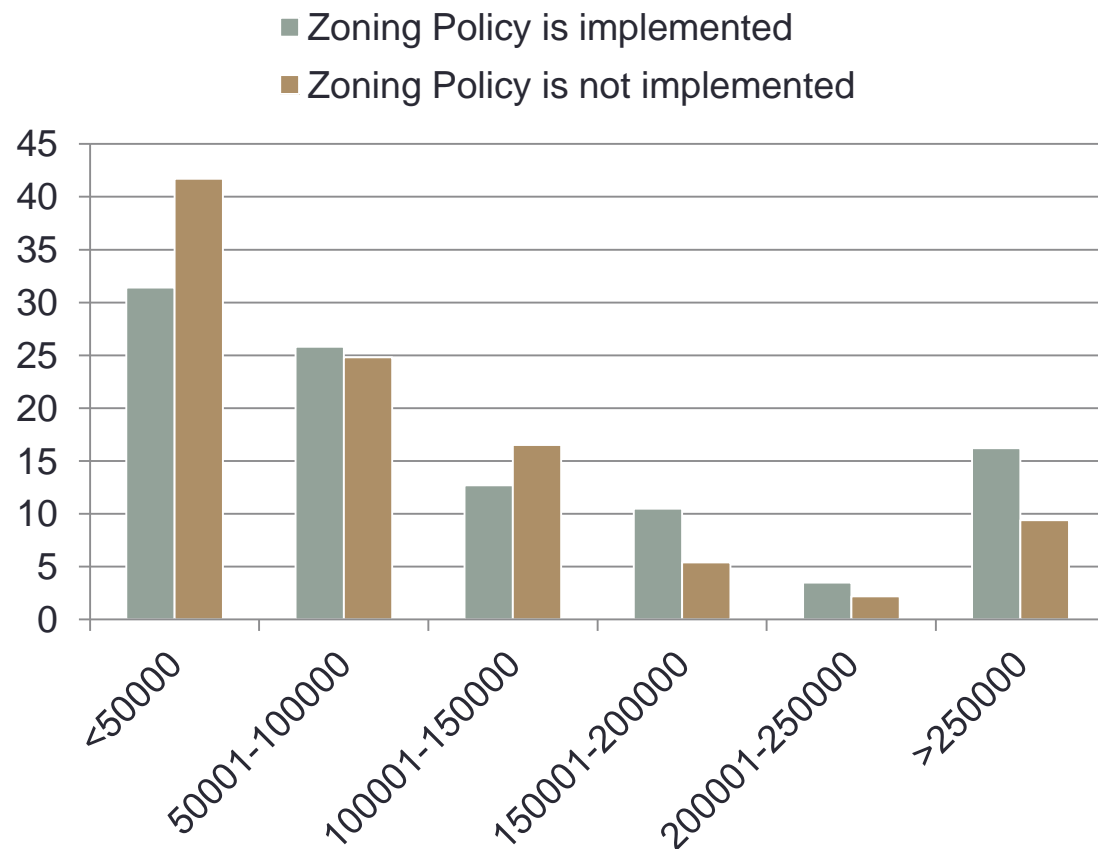
Main Characteristics (Outcomes) of Population in Planned Areas

Income in zoned areas:

- 16.2 % of respondents earn a monthly income above 250.000 Rwf/month.
- 31.4 % respondents earn less than 50.000 Rwf/month.

Income in unzoned areas:

- 9.4 % respondents get a monthly income above 250.000 Rwf/month
- 41.7 % earns less than 50.000 Rwf/month.



4. Conclusions

Major Achievements:

1. Land registration and titling is a very successful exercise in Rwanda,
 - Titles can be useful to access credit to finance small business activities. But our study revealed very few used mortgages to acquire or develop property.
 - Moreover, additional research is needed to better understand why some people did not collect their land titles.
2. The results suggest it did not matter if a person migrated from another area or has been local in terms of land title registration.
3. In areas where zoning policies are implemented the population has better access to public facilities and enjoy better housing standards
 - However, our study suggests that people living in unzoned areas have lower socioeconomic status (e.g. education, income, access to public services).

Major Challenges:

1. No National Resettlement Policy Framework was found (only those for particular projects implemented e.g. Resettlement Policy Framework for Lake Victoria Environmental Management Project, 2011 and Rwanda Feeder Roads Development Project, 2013).
 - It is clear that a National Resettlement Policy Framework is required to provide adequate compensation and access to basic facilities, income and employment opportunities.

Major Challenges (2):

2. Expropriation Law/Valuation Law/Compensation

- The confidence in the Expropriation law is low as people fail to see the proposed alternative investment.
- Affected population: More than 50 % (45 out of 89) of those who were expropriated or resettled are from low income groups and earning Rwf 100.000 or less per month; Also more women (58.4 %) than men (41.6 %) headed HH's were resettled or expropriated.
- We found out that most of the expropriated population have been compensated financially, but the study could not establish if they had been compensated for other losses associated with the displacement (access to services, schools, transports, jobs etc.).

Major Challenges (3):

Expropriation Law/Valuation Law/Compensation (2)

- The study found there is still a large percentage (more than 30 %) of urban population living in low standard houses with high likelihood of being expropriated; This calls for special attention.
- Effects on population: 60 % (9 of 15) in Kigali City reported that their socio-economic status had deteriorated since being expropriated. However, out of the 600 people surveyed, only 17 respondents (3 %) had been expropriated and still lived within Kigali City.
- The study seems to suggest that there is still lack of clarity on related aspects such as what just compensation means, and how the valuation is implemented.

5. Way Forward

To improve urban development in Rwanda three major recommendations were drawn by the research team:

- 1.** Revise master plans to cater for more subsidized housing for low income groups.
 - Zoning for subsidized housing can be combined with appropriate standards for housing construction that are accessible to the poor.
 - If socioeconomically diverse and sustainable cities are to become a reality, social housing and other subsidy schemes (e.g. micro finance) for the poor must be made a priority in master planning policy.
- 2.** While there are good reasons for expropriation in the public good, negative impacts particularly on vulnerable social groups should be mitigated/reduced.
- 3.** Further research is needed on those who have been expropriated to assess the impacts on their livelihoods.

Thank you! Murakoze! Merci!

