



CITIES VI. URBAN INFORMAL SETTLEMENTS IN MODERN IRAN

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Urban informal settlements are associated with informal land transactions, uncertain housing tenure, insufficient access to urban and socioeconomic services, makeshift or nonstandard construction, and various aspects of poverty. This article discusses the development of informal settlements in Iran and the evolution of government policies and programs dealing with them.

Prior to the 1979 Revolution. The appearance and expansion of urban informal settlements in Iran is generally traced back to the 1950s, coinciding with the onset of rapid urbanization (Hāj-Yusofi, p. 15). With rising oil revenues in the post-1953 period, public sector investment in urban services significantly increased, and industrial activities were facilitated in or near major cities. These changes in the economies of urban areas, together with rural underdevelopment and subsequent land reforms, created a combination of push and pull factors that gave a strong impetus to rural-urban migration after the late 1950s. Migrants arriving at major cities from rural areas usually were unskilled, could only find low-paying or informal-sector jobs, and did not



afford standard shelter within the core metropolitan areas. Many of them were thus attracted to the *ḥāšias* (fringes or outskirts) where they often lived in *čādors/kapars* (tents/tent-like shelters) or *ālunaks/zāḡas* (makeshift/dugout shelters)—hence use of the older terms *ḥāšia-nešini*, *ālunak-nešini*, *zāḡa-nešini*, or *kapar-nešini* to denote informal settlements.

Municipal and central government authorities were alarmed by these spontaneous urban developments in Tehran and elsewhere. Their responses in the mid-1960s included denial as well as attempts at their eradication or resettlement of their residents. For example, the newly formed Ministry of Housing and Development attempted to resettle Tehran's informal settlement residents of Behjatābād, Rāh-āhan, South Mehrābād, and North Rudaki through the construction of the 3,600-unit Kuy-e Nohom-e ābān. Having only taken the housing aspect of these informal communities into account (Ḥāj-Yusofi, p. 22), this and similar projects in other cities turned out to be relatively unsuccessful.

Thus, to better analyze and tackle the issue of spontaneous and poverty-stricken peri-urban developments in major metropolitan areas, a special commission was formed by the Social Affairs Department of the Plan and Budget Organization. This commission was instrumental in formulating a set of activities for the informal settlements as part of the (pre-revolutionary) Fifth Five-Year Development Plan (PBO, 1971, 1972). The Plan and Budget Organization also commissioned the Institute for Social Studies and Research of the University of Tehran to carry out case studies of informal settlements in certain cities (e.g., Nirumand and Aḡsan; cf. Ministry of Interior). By taking an integrated and participatory approach, the (pre-revolutionary) Fifth Plan was supposed to usher in a new era for addressing the challenge of informal settlements. Yet, in contrast to the relatively sophisticated approaches of the above studies and plans, the reality on the ground often translated into struggles between the informal settlement residents fighting to keep their shelters and the municipal authorities attempting to eradicate them. Furthermore, the overall economic environment of the 1970s (including the rapidly rising housing costs in the cities) was in fact highly conducive to the expansion of informal settlements in major Iranian cities. By some estimates, at the time of the 1979 Revolution, one-third of Tehran's population lived in informal settlements or other sorts of slum (Bayat, p. 29). It is then no surprise that the plight of informal settlement residents and their struggles with municipal authorities came to the fore of the 1979 Revolution and influenced



events that culminated in the establishment of Islamic Republic.

Post-revolutionary developments. The early slogans of the Revolution in favor of the poor resulted in limited takeovers of abandoned hotels and other buildings, presumably by some residents of informal settlements. Furthermore, inconclusive attempts were made by the post-revolutionary government at limiting legal ownership of urban land. Supply of new housing dropped significantly as a result. At the same time, while various post-revolutionary obstacles, including budget shortfalls, precluded adequate attention to urban development, the proliferation of spontaneous settlements in the outskirts of large cities was either encouraged or ignored (Kāmrvā, pp. 73-76). The situation was exacerbated by a stalled population transition (Aghajanian) and a significant volume of migration to the cities (partially as a result of the war). All these gave impetus to the expansion of urban informal settlements.

After the [Iran-Iraq War](#), as part of the reconstruction efforts, a set of initiatives toward privatization and deregulation were taken in the housing sector, together with measures to prevent informal construction and to control rural-urban migration. More importantly, in the so-called reconstruction period after the war, a large volume of housing and land subsidies and transfers, mostly untargeted and nontransparent, were allocated by the government. Yet, with the population growth reaching its peak in this period, the gap between housing supply and demand widened significantly (MHUD, p. 33). Government policies did not prevent the gradual rise of land, housing, and urban services prices, nor did they stop the proliferation of informal settlements.

Policy shifts. The expansion of spontaneous settlements and migration to peri-urban areas became a major issue during the (post-revolutionary) Second and Third Five-Year Development Plans (1995-2004). Most importantly, the Urban Development and Revitalization Organization was established in this period to eventually deal with informal settlements. The main public policy tools remained housing/land projects and physical rehabilitation through the Second and much of the Third Plans. The housing sector initiative strived for Pas-andāz, Anbuh-sāzi o Kučak-sāzi “saving, mass production, and building small units,” forming the acronym PāK “clean.” Construction of social housing (50 m² units), protected housing (74 and 100 m² units, respectively in metropolitan cities and smaller towns) and free housing (without floor area constraints) were facilitated by the government by freeing the land market



and decreasing subsidized land transfers as well as by involving private financial institutions, floating banking interest rates, and increasing the ceiling of housing loans. Construction of 90-100 percent of planned housing units for the period 1995-2004 was realized (MHUD, pp. 33-34), mainly due to the overachievement of the free housing subsector at the expense of the social housing program.

As suggested by a number of scholars in the early 2000s (Piran; Aṭhāri; Şarrāfi; Javāheripur), a new approach was necessary to address informal settlements and housing for the poor. The Urban Upgrading and Housing Reform Project or UUHRP (World Bank, 2004a), formulated and carried out with the assistance of the World Bank (mid-2004 through the end of 2009), was an important outcome of the government's recognition of this need. In conjunction with this project, a national document titled *Strategies for Enabling and Regularizing Informal Settlements* was adopted, defining informal settlements in these terms (UDRO, 2004, p. 2): urban areas with informal building stocks (without construction permit or in violation of municipal plans) that house low-income residents who suffer from inadequate services, low-quality of life, and/or high population densities. The national document further recognizes the rights of informal settlement residents and highlights the need for an enabling approach for their upgrading in line with World Bank policies.

The aim of the UUHRP was to initiate an integrated approach to upgrading underserviced neighborhoods and to improve public management of the housing sector. The initiative eventually delivered a set of physical and socioeconomic subprojects in the informal settlements of [Kermanshah](#), [Zahedan](#), [Bandar 'Abbās](#), [Sanandaj](#), and [Tabriz](#) based on community priorities. Perhaps more importantly, it succeeded in changing the government's approach to informal settlements in Iran. The National Enabling Taskforce for Informal Settlements was formed separately but in connection with the project to coordinate upgrading activities in the informal settlements through the establishment of provincial taskforces across the country. Article 30 of the Fourth Five-Year Development Plan (MPO) called for regularization of informal settlements through an enabling approach. It further required the government to carry out the Comprehensive Housing Plan (MHUD), which was prepared separately but with some connection to the World Bank project and contained a multipronged and relatively comprehensive approach to addressing the housing problems.

Due to various reasons, including the impact of international sanctions on



Iran, the UUHRP was able to spend less than half of its loan amount and did not enter its second phase with the assistance of the World Bank (World Bank, 2009, p. 38). Furthermore, the research outputs of the project concerning the housing sector reform failed to influence the Fifth Plan (2010-14) prepared during the presidency of Mahmoud Ahmadinejad. In the Comprehensive Housing Plan prepared for the Fourth Plan, certain initiatives were formulated, among a number of other things, to exclude the cost of land from the price of housing. These initiatives were turned into a program in the Fifth Plan called the Mehr Housing to be fully backed by the government as the main means of providing standard homes to poor households. Mehr housing projects have been carried out on publicly-owned land and are exempted from construction taxes and fees. Reflecting only construction costs, the price of Mehr apartments in medium-rise buildings is supposed to be affordable for low-income households when provided with subsidized bank loans. Around 2.18 million Mehr units were planned for 2010 through 2012, 56 percent of which were ready for delivery by the end of the period (Fardanesh, p. 28). Furthermore, calling informal settlements by the outdated term *hāšia-nešini*, Article 172 of the Fifth Plan states that such areas when inside the city boundaries should be regularized with the participation of residents through legal, financial, cultural, and enabling mechanisms. It further calls for measures to prevent formation of settlements outside city boundaries by checking the expansion of peripheral villages and demolishing illegal construction (VPSPS).

Despite the policy shifts, by the end of 2011, the Urban Development and Revitalization Organization had identified 710 informal settlements across 46,000 hectares of sixty cities with a population of more than five million persons and had planned to carry out upgrading feasibility studies for 250 of them. By early 2012, in addition to the informal settlements of five UUHRP cities mentioned earlier, upgrading activities had started in target informal settlements of thirteen cities. The activities comprise physical upgrading, municipal capacity building, and socioeconomic enabling. Physical upgrading includes provision of urban services and infrastructure, such as schools, health and medical centers, vocational training centers, piped water, electricity, sewerage, street pavement, sidewalks, surface water drainage, parks, play grounds, libraries, and sports centers. Capacity-building activities include training, information dissemination, and institutionalization. Microfinance, entrepreneurship development, vocational and health-related training, and leisure time programs are the main enabling activities (UDRO,



2012, p. 48).

Extent of informal settlements. According to the figures provided by the National Enabling Taskforce on twenty major Iranian cities (UDRO, 2012, pp. 24-25), informal settlements on average cover around 8 percent of the country's urban areas; around 7 percent of informal settlements are outside the official municipal boundaries. Yet, the extent of informal settlements varies widely from one city to another. For example, the informal settlement share is 31 percent in Bandar Abbas and one percent in Zanzan. Furthermore, at 195 persons per hectare on average, net residential density (number of persons per built residential land) in the informal settlements of the 20 cities is 2.7 times the corresponding citywide figure. Based on information from the National Enabling Taskforce, 22.8 percent of the population of 20 major Iranian cities lives in informal settlements (Table 1). Extrapolating based on a figure of 48.2 million persons for the entire urban population in Iran gives a figure of 9.6 million persons for the total informal settlement population in the country.

Characteristics. In the typical cases of informal settlements, poor migrants and other low-income households unable to afford standard shelter purchase land in the informal market of privately owned lands in areas just outside official city boundaries. Lacking proper plot divisions or construction permits, these types of land are much cheaper than formally traded land within official city boundaries. While land transactions are conducted mostly through promissory notes (*qawl-nāma* or *pata*), buyers are recognized as owners of the plots. Construction on such sites may take place semi-clandestinely despite the efforts of the urban management to prevent it. The informal settlements also receive population overflows from other parts of their respective cities due to the prevailing socioeconomic conditions. Residents then strive to get urban services through legal and illegal means and at times by resorting to riots. Considering how these types of neighborhoods start, even when incorporated into the city to receive urban services, they remain poverty-stricken (Alaedini et al., p. 10).

The characteristics of a number of informal settlements have been probed in the past through detailed studies or quick assessments. The results of a detailed social assessment, conducted prior to upgrading Bandar Abbas, Zahedan, and Kermanshah's informal settlements located inside the official city boundaries, are summarized here (Alaedini et al.). The informal settlements were characterized by high rates of unemployment,



underemployment, and informal-sector employment as well as very low age averages. Only a minority of the residents had been born outside their respective cities. Total consumption for most households fell within the lowest brackets among all urban households in their respective cities. The overwhelming majority of the households had access to electricity. Furthermore, homes were built with relatively durable materials in the Iranian context, and many had piped water, kitchen, bath, and toilet, but they were makeshift or substandard in terms of construction.

Residents had little access to housing finance other than their own savings. Home ownership rate was high, but a large number of owners only possessed promissory notes. There was little threat of eviction in the studied informal settlements, which were within official city boundaries. Thus, lack of full title only affected the price of homes, while there was a positive relationship between ownership and welfare as measured through consumption levels. There was also a relationship between ownership and tendency to repair one's home. Many households had invested in improving their dwellings over time. A range of urban services were either missing or highly inadequate in the informal settlements, and most residents were estranged from the urban management. For example, there were no social, cultural, or sports centers in the studied neighborhoods. Furthermore, lack of security and safety, felt particularly by women and girls, was at least partially related to the unsatisfactory street conditions as well as relative absence of the police. Land and home prices had been increasing rapidly in the studied neighborhoods, becoming unaffordable for poor households without homes in the city, migrants, or young people starting their own families. These households would have to find shelter in newer informal settlements taking shape outside official city boundaries.

Contributing factors. As suggested above, unequal access to resources between urban and rural areas and the resulting high rates of migration have generally been stressed as the main culprits behind the formation and expansion of informal settlements. Yet, whereas rural-urban migration was a major origin of informal settlements in the past, a multiplicity of factors, including rapid urbanization, housing policy, urban plans, and the macroeconomic environment, are at work to create and expand urban irregularity and informality (Zebardast, pp. 450-53; Mokhber and Alaedini). Ignoring the macroeconomic environment, some of the more obvious factors are briefly explained here.



The high rate of population growth witnessed in the larger urban areas has placed pressure on the formal land and housing markets and may be argued to have played an important role in the proliferation of informal settlements. Based on the 1996 and 2006 census results (SCI), the total rural population slightly decreased, whereas the urban population experienced an average annual growth rate of 2.7 percent. While part of the drop in the rural population was due to re-categorizing outgrown villages into towns, there was also evidence that between 1996 and 2006 around 4.2 million rural inhabitants had entered cities with populations of 100,000 persons or more. Furthermore, the number of urban areas in the country increased from 614 to 1014 in this ten-year period. Around one half of the urban areas had fewer than 10,000 inhabitants in 2006. Yet, around 53 percent of the whole country's population lived in cities with populations of more than 250,000 persons. Overall, the main population growth was experienced in the larger cities (100,000 inhabitants or more) and to some degree in towns with populations of 25,000 or fewer (Mokhber and Alaedini, pp. iii).

The expansion of informal settlements in Iran may also be thought of as relating to the inadequacy of housing supply in the formal market to meet the total housing demand (World Bank, 2004b, pp. 8-9; MHUD). For example, based on census results (SCI), there was a shortage of 1.5 million housing units to accommodate all households in need of shelter in the country in 2006. Yet, the same census figures indicate that 500,000 housing units were vacant in 2006. This means that apart from housing shortages in absolute terms, there may be a mismatch between what the market potentially supplies and what lower-income households demand. Housing costs as a proportion of total household expenditures have been on the rise as well, especially among households in the lowest consumption deciles. Furthermore, housing loans cover only a small part of the purchase price of homes, and they require initial savings of significant amounts. Based on the findings of the Comprehensive Housing Plan (MHUD, p. 29), in 2006, 22.7 percent of urban households could only afford 14-35 m² of housing. Also, on average, 41 percent of the demand for housing between 1987 and 2002 was attributed to seeking an investment opportunity (MHUD, p. 25). The high demand for housing as an investment has a reinforcing impact on home prices but a negative effect on the housing opportunities of low-income groups (Mokhber and Alaedini, p. iv).

Related to the above discussion is the urban planning process and management in practice. On balance, it may be said that the planning process



has short-changed low-income households in its downstream urban land-use designs, has not reached its intended beneficiaries with its subsidies, and has failed to supply adequate land (Zebardast, p. 453). Urban master plans in Iran set minimum lot sizes, which low-income households can hardly afford. Furthermore, Iranian cities have official boundaries within which urban services are provided. These boundaries may expand when new comprehensive plans are prepared based on future demand estimates, through political pressure, and/or in acceptance of realities (e.g., once the presence of new informal settlements just outside the city boundaries become imposing enough). Additionally, while the government has held extensive land properties in and around the cities, it has not released them in any adequate amount to meet the rising demand. It has in fact increased its land holdings over time (Fardanesh, p. 22). Finally, dwindling land allocations by the government to housing cooperatives have failed to serve low-income households who are mostly engaged in informal economic activities.

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