

# ICED Evidence Library

## Case Study: Thailand Government Housing Bank

Tags: Investment, Housing, Land, Safeguarding, Case Study



**With around 1 billion urban residents living in informal settlements, there is an urgent need to reconsider how development is delivered.** This challenge is not just mobilising sufficient finance. It requires rethinking how urban development is structured to create an investment environment where all available resources and capabilities can be mobilised. In a new in-depth study found [here](#), ICED explored how community finance organisations can help to overcome barriers to private-sector involvement in the development of informal settlements. This paper sets out two of 8 case studies from the paper.

### **Land sharing for low-income housing: Klong Lumnoon, Bangkok**

Development pressure on urban sites, occupied by informal settlements, has led to a particular strategy of land sharing in Thailand. In situations where land owners decide to evict informal settlers to make way for commercial development, mediation is used to determine the division of land to allow residents to remain on site while making space development. This approach was taken in Klong Lumnoon area of Bangkok in 1997, after the land owner issued eviction notices and offered compensation to residents. Forty-nine of the residents were unable to find alternative accommodation or work and refused to move off the land. The dispute between the land owner and residents continued for three years.

During this time the 49 residents formed a community based savings organisation to strengthen the group and obtain external support, including that of the local authority. A compromise position was achieved and the community group worked with CODI to design and new layout for the settlement that accommodated the 49 families with new houses, a safe walkway, access to utilities and drainage system. The design also included the provision of a community and day care centre. Klong Lumnoon registered as a community organisation and took a housing loan from CODI of Baht 10.91 million (US\$ 311,600) to purchase their portion of the land and a government subsidy of Baht 3.63 million (US\$ 103,800) as part of the national Baan Mankong Housing Programme. CODI made a loan to the community organisation at a rate of 1 per cent interest over 15 years. The community organisation passed this loan to members at a rate of 3 per cent – the additional 2 per cent being used to cover organisational costs.

This approach to land sharing in Thailand demonstrates the potential to release valuable urban sites for commercial development while also protecting the interest of residents of informal settlements. While in practice land sharing in Thailand has typically followed a period of dispute, it does generate a number of important benefits for all parties. Communities strengthen their negotiating position through organising and establishing savings funds, they have collective land title through the CODI loan which helps to safeguard their future. Land owners obtain a solution that enables them to commercially develop land and end long standing and damaging disputes. The city authorities see the transformation of dilapidated sites into new communities. Discussions about land sharing can also take place at a city level, where enumeration and mapping data is used to identify alternative sites for relocation and the creation of alternative settlements to allow commercial development to proceed.

**For more information on innovative financing instruments to facilitate investments in low-income communities please download the [full working paper](#) or contact the ICED Facility at [iced.programming@uk.pwc.com](mailto:iced.programming@uk.pwc.com)**