

Housing Issues: Challenges and Opportunities

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- II. How the Housing Sector Work and What Government Should Intervene?**
- III. Housing Challenges and Solutions**
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PERSISTENT ISSUES AND EMERGING URBAN CHALLENGES DUE TO INCREASED URBAN POPULATION.



URBAN GROWTH



CHANGE IN FAMILY
PATTERNS



INCREASED
RESIDENCY IN SLUMS
AND INFORMAL
SETTLEMENTS



CHALLENGES IN
PROVIDING URBAN
SERVICES



CLIMATE CHANGE



EXCLUSION AND
RISING INEQUALITY



INSECURITY



UPSURGE IN
INTERNATIONAL
MIGRATION

In the absence of **effective urban planning**, the consequences of this rapid urbanization will be dramatic

Affordable Housing: A Global Challenge

Major crisis of affordable housing supply in developed nations

- Crisis of supply of housing for low income populations
- Results in precarious and inadequate housing
- Results in growing homelessness

Major crisis of rapid urbanisation in less Developed Countries

- Leads to rapid growth of informal settlements
- Overcrowding
- Health implications
- Economic development implications

Mumbai: Dharavi (largest slum in Asia?)

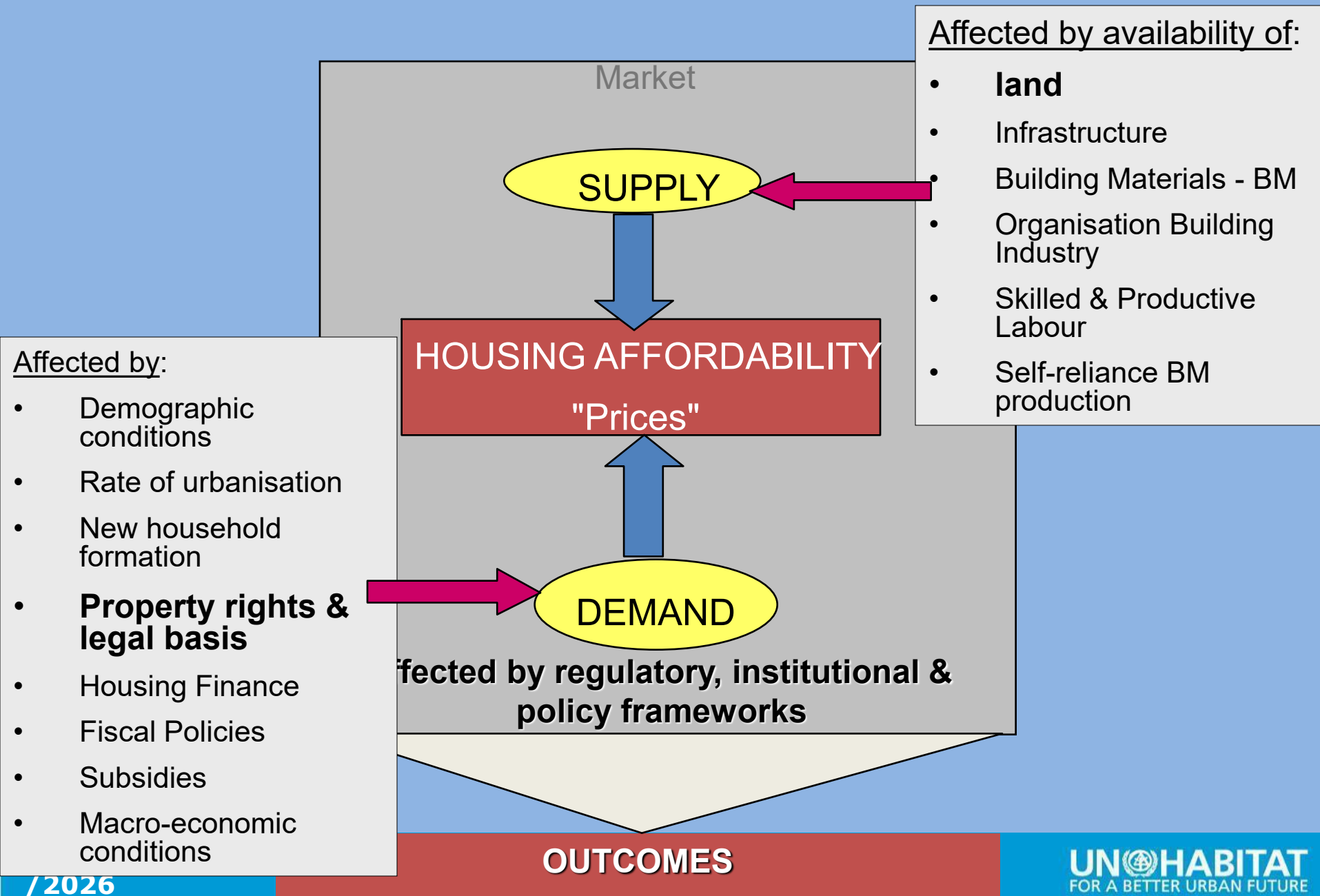


© B. Banerjee.

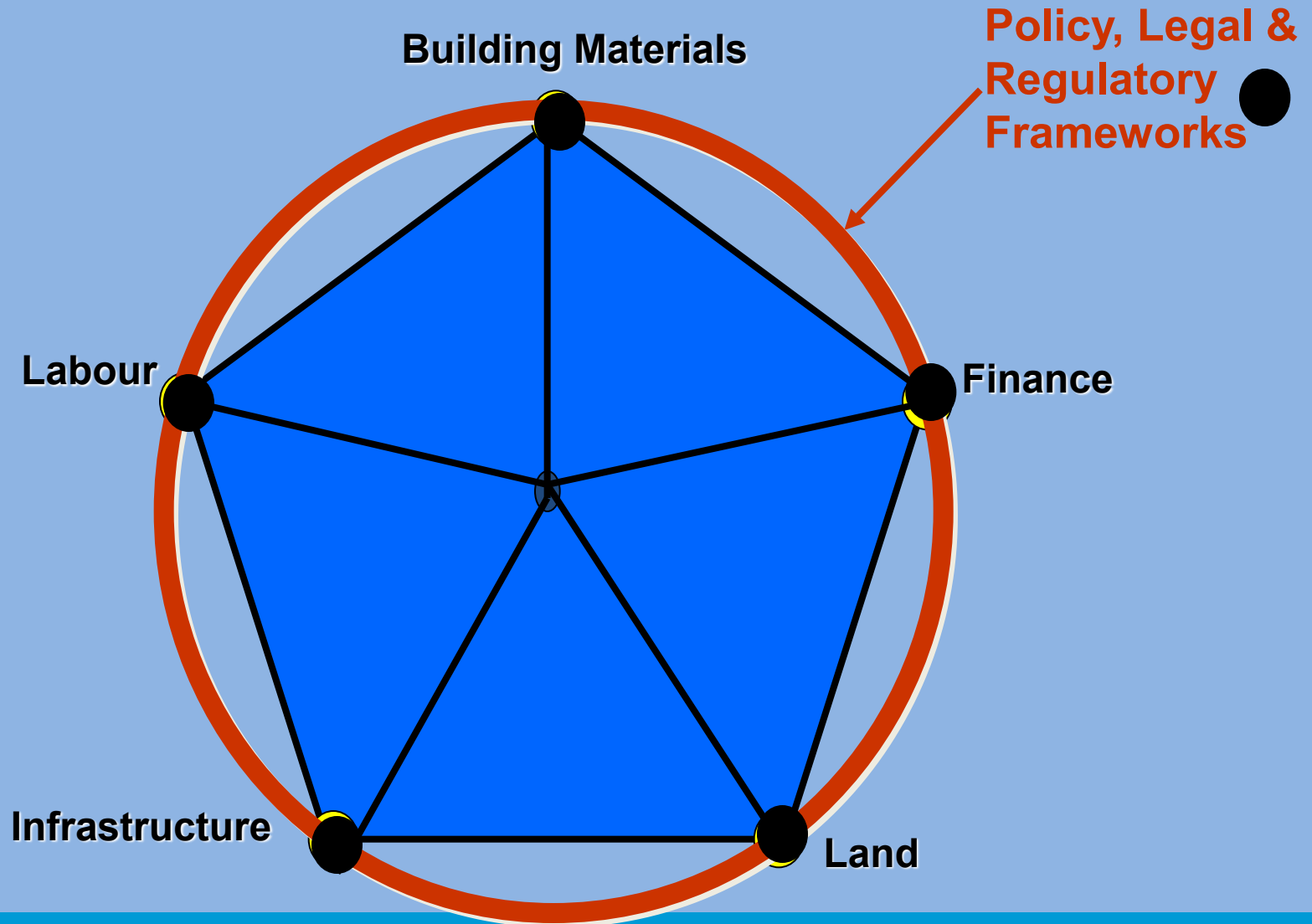


Shanghai: new and old, formal and informal

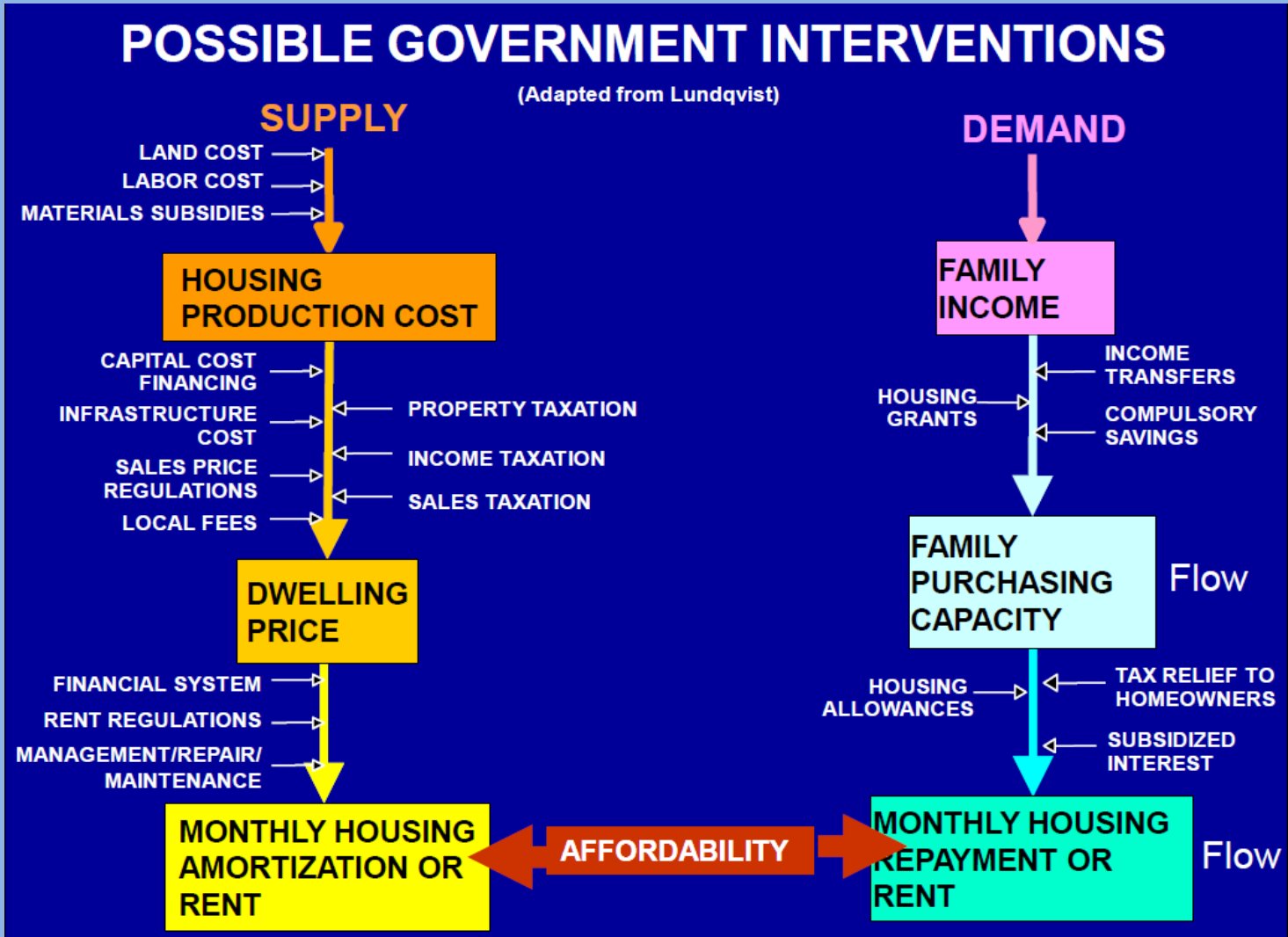
The Context of Housing Market Policy

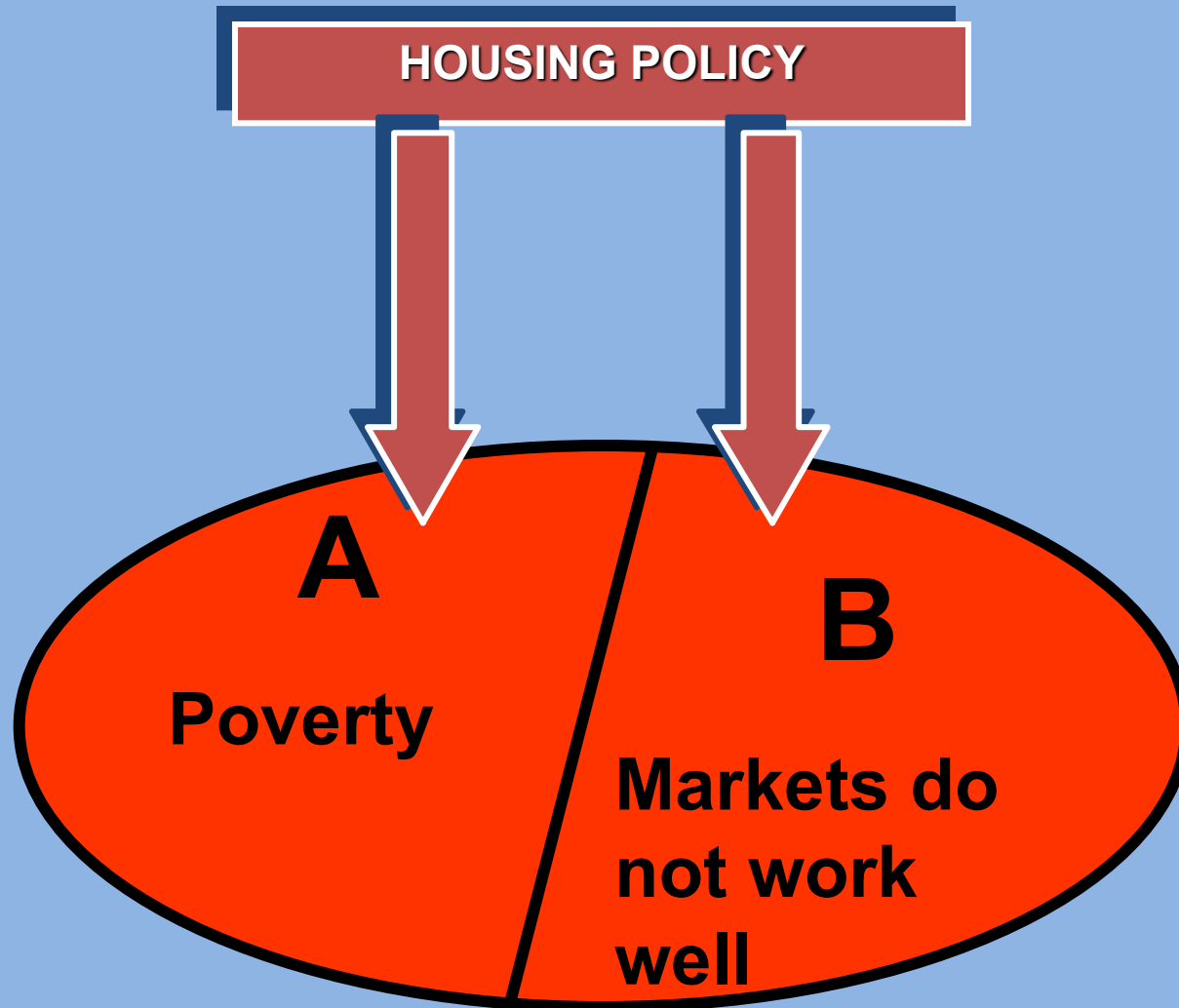


The Housing Diamond of Perfect Equilibrium



Government Intervention





SLUM UPGRADING

Improvement Strategies

CURATIVE

Infrastructure provision

Settlement planning

Land regularisation

Housing improvement

SLUM PREVENTION

Housing Policies

PREVENTIVE

Provision of Serviced Land

Housing Finance

Regulatory Reforms

Building Industry Capacity



**Housing
Profile**

**Problem Definition
Priority Setting
Needs Assessment**

\$ \$

**Policy Document
Goals and Targets**

Strategies

\$ \$

Programmes

Progrm1

Progrm2

Progrm3

Progrm4

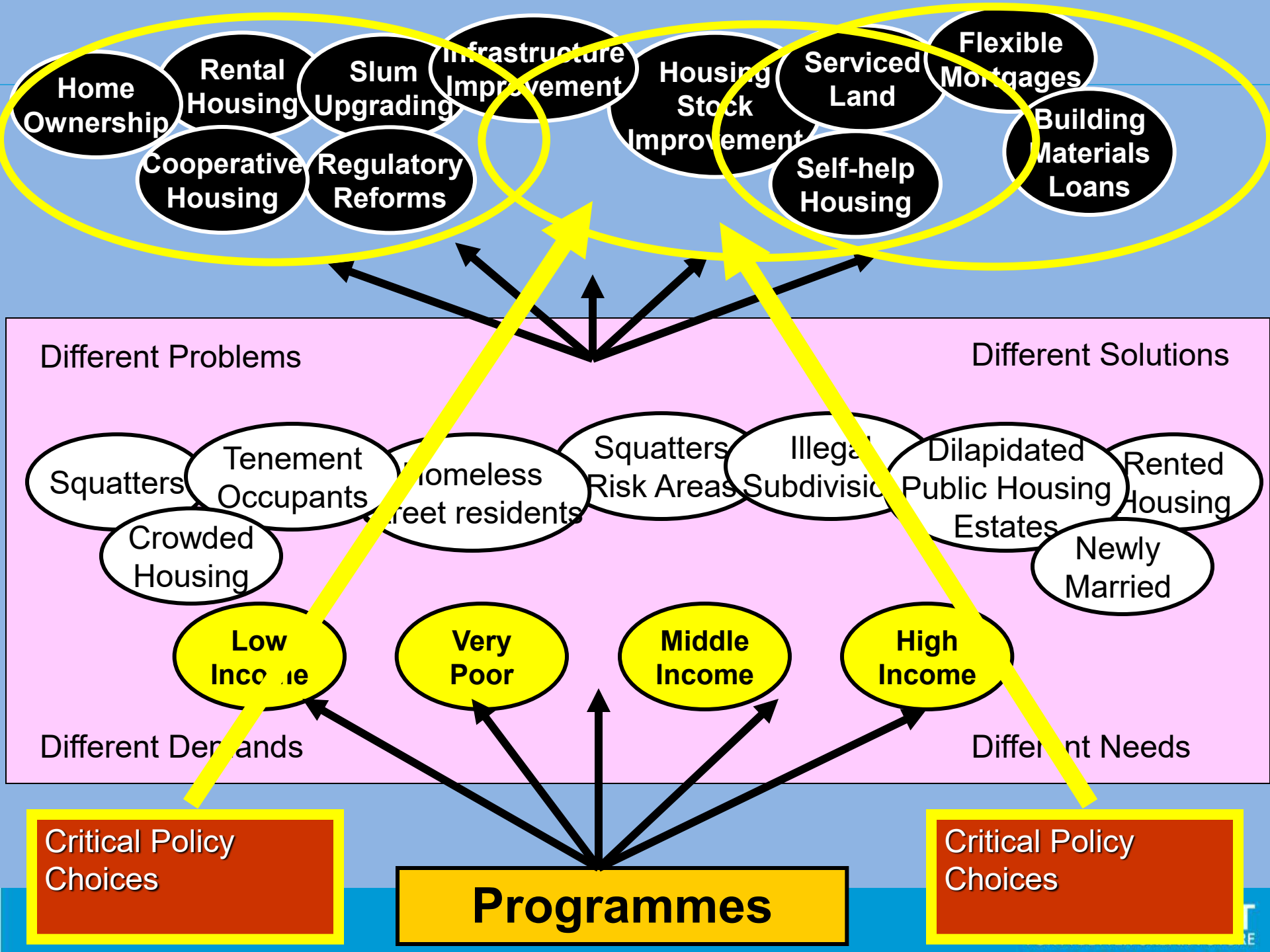
Progrm5

Projects

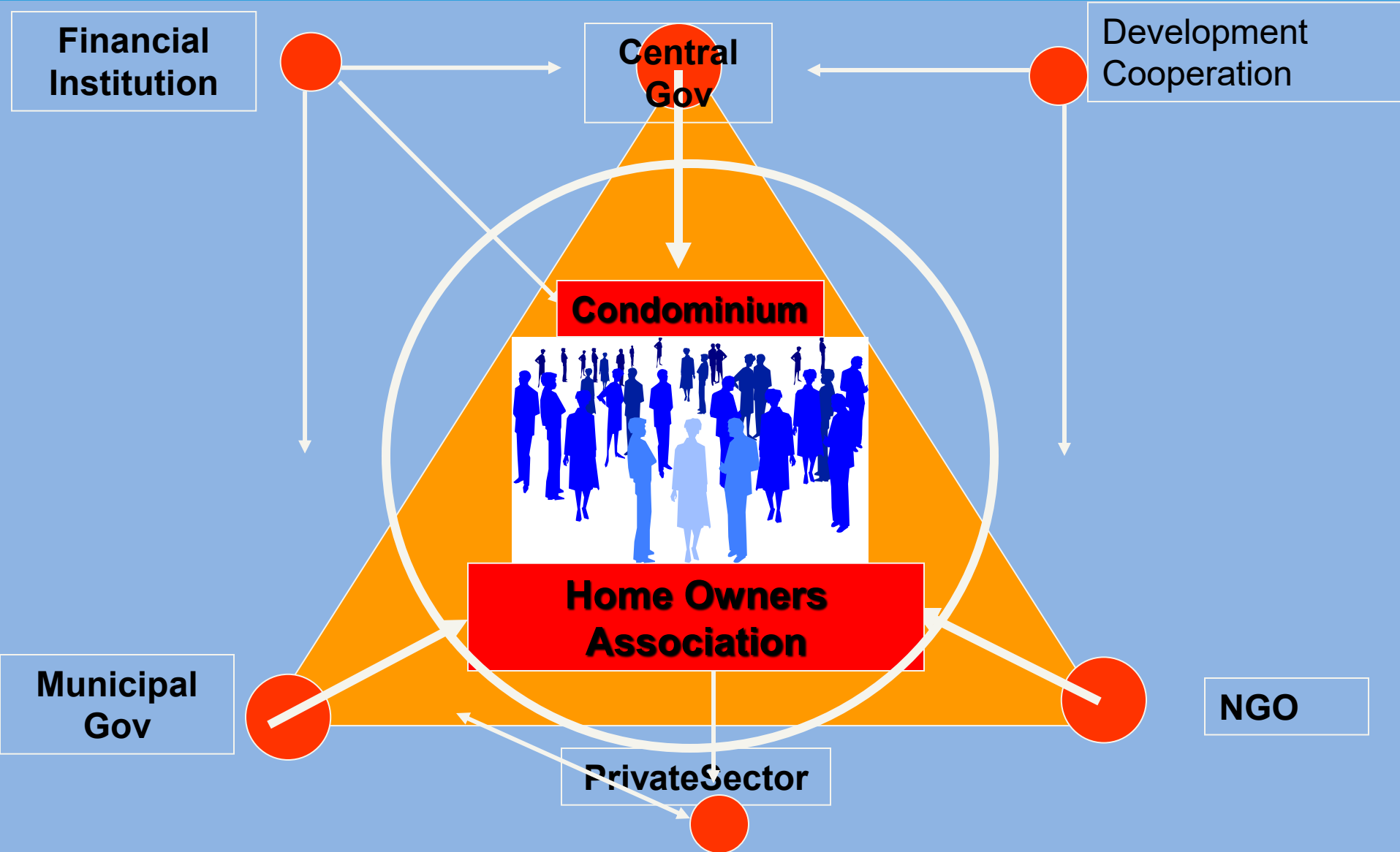
Projects

Projects

Projects



Enabling Policy with Different Stakeholders



What is the Right to Adequate Housing?

7 adequacy criteria according to International Covenant on Economic, Social and Cultural Rights:

1. **Security of tenure (*and protection from forced eviction!*)**
2. **Availability of services, materials, facilities and infrastructure**
3. **Location**
4. **Habitability**
5. **Affordability**
6. **Accessibility**
7. **Cultural adequacy**

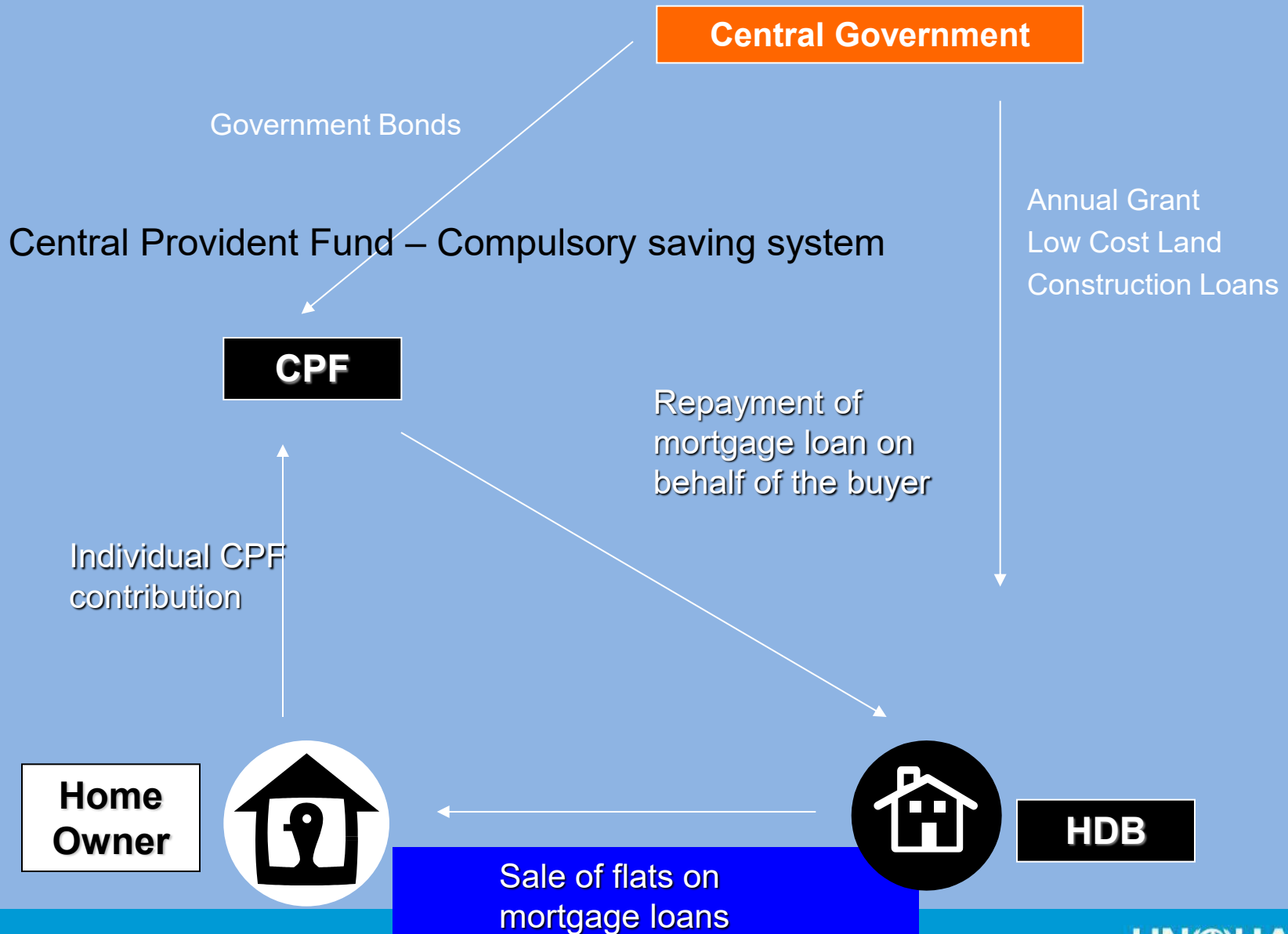


Source: E. Steekelenburg, 2007

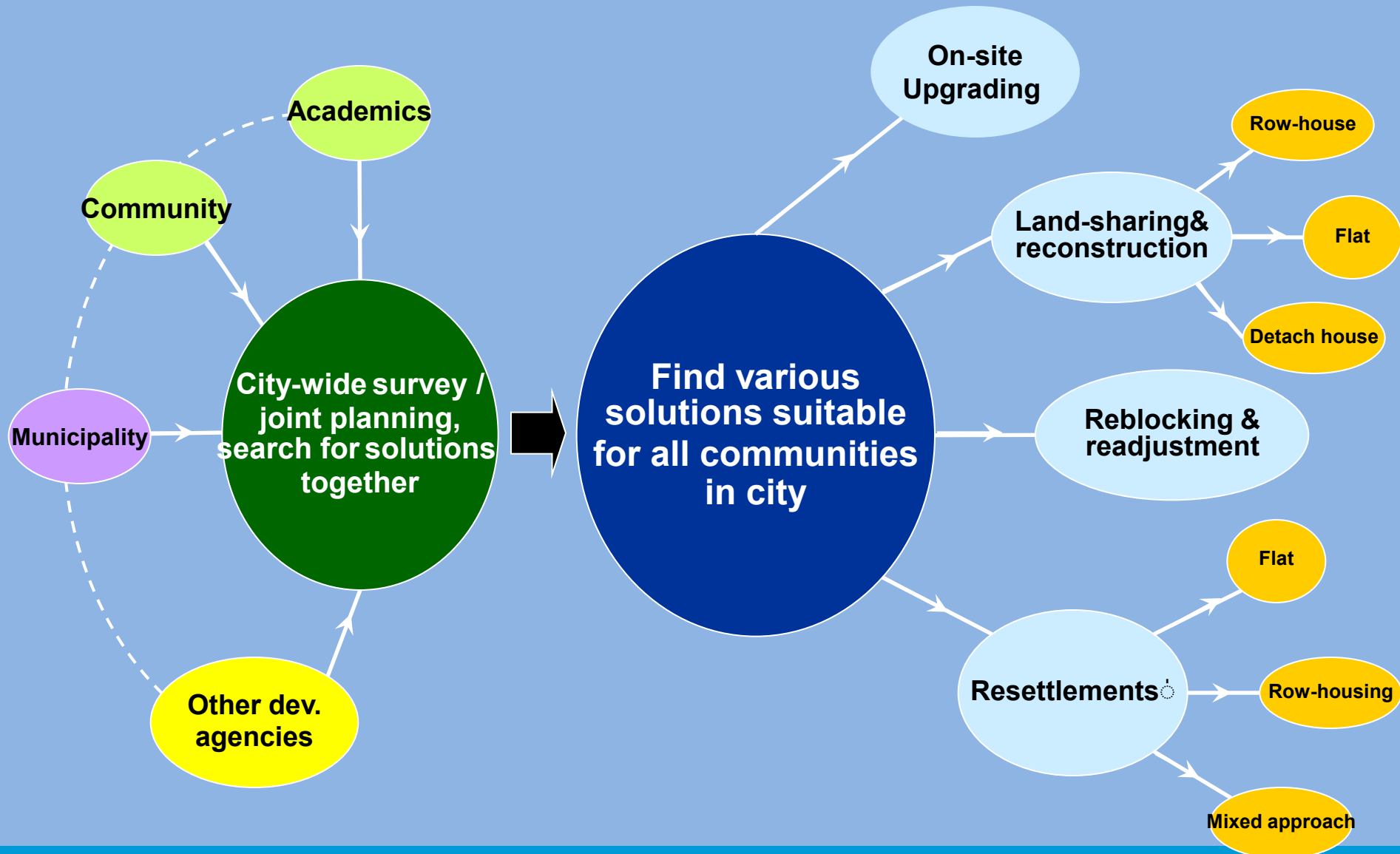
Most of the residential housing developments in Singapore are publicly governed and developed. Most of the residents in public housing are owners rather than tenants

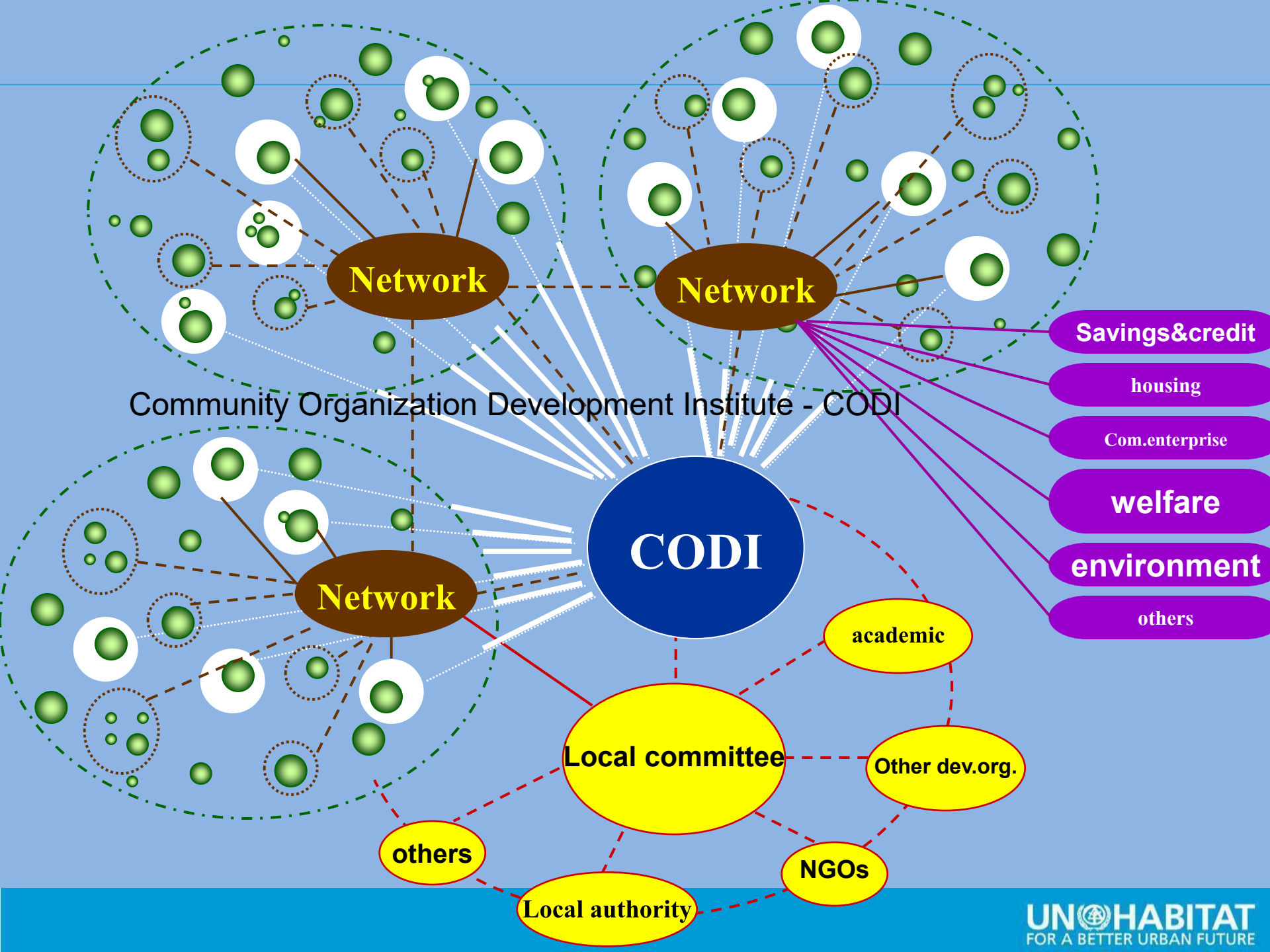
Public housing in Singapore as such is not generally considered as a sign of poverty or lower standards of living as compared to public housing in other countries

Singapore Housing System



Process / linkages of local housing partnership





OPTION 1: On-site upgrading

- **Houses:** to make improvements to their houses or entirely rebuild them.
- **Land:** to regularize and secure their settlement's long-term land tenure.
- **Incomes:** to upgrade their jobs, earning capacities and small businesses.
- **Common facilities:** to improve their facilities — such as community centres, playgrounds or community enterprises.
- **Access to public services:** to improve their access to education and health care.
- **Welfare:** to set up community-managed welfare systems which can take care of their most vulnerable members.



Make upgrading an important part of the solution:

The upgrading of housing, infrastructure, and providing secure tenure in existing informal settlements should be an essential part of any government's strategy to meet the demand for affordable housing for the urban poor.

- **Upgrading keeps people together** in the same place where they already live, so it helps consolidate communities, enhance social stability and build on existing support mechanisms.
- **It encourages participation** in the many aspects of a community's redevelopment — first in the planning and implementation of the upgrading project, then later in many other spin-off social and economic activities managed collectively within the community.
- **It stimulates people to invest** in improvements to their housing and living environments, by endorsing their long-term rights to occupy that land through long-term, secure land tenure.
- **It improves people's well-being** and living conditions by improving their housing and living environments, and by freeing them from the looming threat of eviction.
- **It builds assets** and enhances the value of people's houses and land, by improving the land tenure security. As assets, the houses can be used for income-generating activities, rented or sold in a crisis, or used as collateral to get a loan.
- **It improves settlement layouts.** When people upgrade crowded, unplanned settlements, they can reorganize plots and make space for infrastructure, pre-schools, playgrounds, clinics and places of worship.
- **It builds morale and pride.** Upgrading a poor community's housing and basic services not only fulfils an important function of local government, but also raises people's morale, pride, civic engagement and ambition to invest further in their houses and neighborhoods.
- **It improves incomes** when people can use their improved, secure houses for income-earning: shops, room rentals and home workshops. Having a legal address also makes it easier to get better-paying jobs in the formal sector.

For every dollar a government invests in community upgrading, poor households will invest an additional seven dollars from their own pockets, which they put directly into their housing improvement.

Source: web.mit.edu/urbanupgrading/

OPTION 2: Resettlement

Resettlement should not be the first choice

"Experience shows that it costs 10 to 15 times more to develop new housing than it costs to upgrade the housing, living environments and settlements in which people have already live and have already invested."

Source: www.achr.net

The two keys which ensure a successful resettlement process are:

1 Quality: A suitable piece of land for resettlement should provide the affected people with access to basic infrastructure and should have no physical, environmental or health hazards.

2 Location: The new land has to enable people to maintain or rebuild their livelihoods, social networks and survival strategies with minimal disruption, so the site should be close to job opportunities, with easy access to public services such as schools, clinics, banks and transport links.

Resettlement with partnership in Mumbai, India

Large-scale resettlement doesn't have to be marked by conflict and opposition. In order to improve Mumbai's suburban train system, some slums close to the tracks were earmarked for demolition under a World Bank-financed urban transport project. With help from the local NGO Society for the Promotion of Area Resource Centres, the National Slum-dwellers Federation and Mahila Milan's Collectives, 1,400 slum households were able to negotiate good alternative housing with long-term secure tenure a few kilometers away.

This resettlement process was managed entirely by the affected people, in close partnership with all the stakeholders. The process has become an important demonstration model, showing that when affected communities are key actors in every step of the resettlement planning, the final solution can meet both their own housing needs and the development needs of the city as a whole.

As part of the process, the residents surveyed households in the railway settlements, numbered the houses, mapped the areas to be demolished, identified needs and organized people

to form 27 cooperative housing societies. Each society then visited the resettlement sites they had taken part in identifying, and began building the temporary housing they had designed and would occupy, in phases, while their new apartments in 5-story walk-up blocks were being built by the state government (which would be partly subsidized by the state and partly paid for by the households themselves, through soft loans). On the appointed day, the households locked their old houses and carried their belongings in municipal trucks to the temporary houses on the new site.

Source: www.sparc-india.org



PHOTOS: ACHR

OPTION 3: Government - built new public housing

Public housing that is built by the state is still an option, but there is increasing evidence around the world that this solution is too expensive for most governments.

Creating state-built slums

There have also been plenty of complaints about inaccessibility, poor services, bad design and sub-standard construction in many state-built housing programmes. In many projects, people move in and out very rapidly, with higher-income groups invariably moving in and the poor moving out and returning to squatter settlements.

Where this gentrification has not happened, the housing often falls into disrepair and becomes a new kind of slum, due to lack of maintenance by the state and lack of involvement by residents. In India, for example, a large part of the Tamil Nadu Slum Clearance Board's slum upgrading programme in the late 1980s was to renovate the crumbling apartment blocks it had built itself to resettle slum-dwellers just 15 years earlier.

Can governments provide housing for all?

Experience shows that large-scale public housing delivery is not a solution

PHOTO: GOVERNMENT OF SINGAPORE



Large-scale programmes to construct subsidized, standardized, fully-complete housing units for existing and future poor households are too costly for the governments in most developing and developed countries. Public resources are better spent on improving the existing stock of affordable housing (no matter how sub-standard) and implementing a range of innovative and flexible approaches to create new stock. Where did the idea then come from that governments should be the chief providers of affordable housing to the urban poor?

PHOTO: UNESCAP



OPTION 4: Sites-and-services

The benefits of sites-and-services

- Sites-and-services enable governments to share responsibility for providing housing with low-income groups and thus save scarce public resources.
- Because they are planned, the provision of infrastructure and services is cheaper to build and maintain.
- The beneficiaries are in control of the pace and form of house construction.
- They can reach large numbers of people, while maintaining some minimum safety and public health standards.
- They can be useful in accommodating essential resettlement projects.
- If properly planned and implemented, they can provide a flexible way of meeting future housing needs.

5 ways to make sites-and-services schemes work better:

- 1 Provide land in a good location.** The location of a sites-and-services project can make it a success or a disaster. Land should be close to employment centres, in order to offer viable earning opportunities for people who live there. Land should also be close to existing infrastructure trunk grids, to reduce the costs of extending these grids to the project.
- 2 Recognize that sites don't have to be huge or at the city edge.** Sites-and-services schemes are often developed on large pieces of land at the outer edges of the city, where large numbers of house plots, schools, recreational and social amenities can be developed in a planned way. But in reality, most cities have many smaller available sites right inside the city, with easier access to existing infrastructure and services. These inner-city sites can be developed more cheaply, without having to invest in costly trunk infrastructure extensions.
- 3 Keep plot sizes small.** That way, more people can be accommodated and costs kept low. When determining plot sizes, it's good to plan for meeting a variety of needs and to study how low-income households use their domestic space and how much land they need, minimally. Existing standards and bylaws are often inappropriate and have to be challenged, to make projects affordable to the poor and prevent them from being gentrified in future.
- 4 Reduce services costs through good planning.** The cost of laying infrastructure within sites-and-services schemes can be greatly reduced by planning rectangular housing plots with narrow frontages. Square plots are the most uneconomical. The design of roads, lanes, water supply, sewage and electricity should be decided according to how affordable and how socially acceptable they are to the people who live there. As in all low-income housing, the key to making this happen is the full participation of beneficiaries in planning, implementation and maintenance.
- 5 Develop incrementally to reduce people's costs.** One way to make sites-and-services projects more affordable and more flexible is to develop them in phases, starting with basic infrastructure that can be improved over time. For this to work, you have to know how minimal to make your infrastructure, to ensure people's health, safety and well-being. Projects should plan for schools, clinics, religious buildings and police posts, even if they are not provided immediately. This incremental approach is especially useful in sites-and-services schemes targeting vulnerable migrants new to the city.



OPTION 4: Sites-and-services

The problems of sites-and-services

Starting in the 1960s, many sites-and-services projects began having serious problems. Many feel that the sites-and-services approach is based on some misconceptions about what urban poor households need, what they can afford and what they can achieve. Despite their good intentions, many sites-and-services schemes have failed to be affordable and accessible to the lowest-income groups who were their targets. Plus, many sites-and-services schemes are plagued by poor cost recovery. At a time when they have lost jobs and income after moving into the scheme, residents must also make payments for their land and pay to construct a new house. Transport, water and electricity costs only add to this burden. Cost recovery problems also arise when services are delayed, repayment collection methods don't work and political will to enforce repayment is absent.

**Not quite
as cheap
as we
thought**



PHOTO: IIRC KARACHI

Sites-and-Services problems in Karachi, Pakistan

In the early 1970s, the Karachi Development Authority (KDA) developed a large sites-and-services scheme to provide housing to poor households. Metroville I included some 4,113 plots, designed to accommodate more than 35,000 people. The land where Metroville was sited was considered to be an ideal location for poor households to be — right next to a large existing squatter settlement and close to an industrial estate and to higher-income neighborhoods of the city, offering a variety of employment opportunities.

But it took the KDA four years, from the time the plots were allotted, to provide basic infrastructure like water supply and electricity. Even 10 years later, in a city with such acute housing shortages, only 700 out of the 4,113 plots had been occupied. What went wrong? Research in 1984 revealed that some poor households who had been allocated plots in Metroville couldn't wait four years for a new house and had sold off their plots to higher-income groups who already had housing elsewhere in the city. Others found

it too expensive to pay both the monthly installments to KDA for land and infrastructure and the cost of building their new houses.

Meanwhile, as Metroville remained unoccupied, the nearby squatter settlements of Baldia and Orangi continued to grow and thrive, and now house over a million urban poor people.

Source: Aliani and Yap, 1990



PHOTO: IIRC KARACHI



PHOTO: HOMELESS INTERNATIONAL

Solving housing problems in our cities is possible:

But to do it, all the stakeholders — the local and national governments, the aid agencies, the support NGOs, the technicians and the communities themselves, need to be involved and need to find space to collaborate and develop innovative solutions.

Sites-and-Services success in Hyderabad, Pakistan

OPTION 5: City-wide housing strategies

Developing and implementing strategies which set a target of housing **all** the poor households in the **whole city**

If you decide to take a city-wide approach in solving low-income housing problems, you will have your hands full. Besides coping with the cumulative backlog from years of housing shortages and upgrading all the under-serviced areas in the city, you will also have to address future housing needs. Current needs for affordable housing in most cities are alone so overwhelming that the challenge of meeting future housing needs can seem an impossible task. In fact, solving all the housing problems in a city is something that is possible. However, if you want to do it — in a city-wide way — several things are needed:

1 More horizontal links between poor communities: Networks of mutual support and mutual learning between poor communities within countries and between countries are essential. Some of the most innovative housing initiatives in Asian cities now are not coming from engineers, architects, politicians or bureaucrats — but from poor communities themselves. When they develop something that works, those experiences need to

be shared and spread around, so that others need not re-invent the wheel.

2 More room for innovation in the policy environment: Local and national policies on land and housing need to be loosened and adjusted, to make room for innovation in how the poor can access land and housing, and how the poor settlements which already exist can be improved in practical and sustainable ways.

3 More public investment in infrastructure: This investment, across the city, can also be stimulated by adjustments to urban and national policies and regulations.

4 More investment in building vision and capacity: To reach the large scale that is essential to keep low-income housing problems in cities from getting worse, huge investment is needed — in the housing itself, and in building the capacities of communities, architects, NGOs, governments and all the other stakeholders to implement large-scale housing initiatives.

City-wide solutions to water in Mandaue, Philippines

The industrial city of Mandaue, near Cebu in the southern part of the Philippines, makes a good illustration of how a little regulatory reform and innovation can encourage investment in infrastructure at a small scale, and then stimulate change at a larger scale.

A thriving federation of poor squatter communities in Mandaue (which is part of the national Philippines Urban Poor Federation) runs six large community savings schemes under their San Roque Parish Multipurpose Cooperative. This cooperative provides a legal umbrella for a number of community-managed development projects in land acquisition, employment, savings and credit, community provision stores and the construction of common toilets and access roads in some settlements.

In most of these settlements, access to water is a huge problem. Up to 500 households must share a single water tap and the rates they pay for water are expensive. One of the San Roque Cooperative's most urgent projects has been to install and manage community water taps, using the Metro Cebu Water District's *Community Faucet Programme*, which gives poor communities permission to tap into the mains and get water at a low cost, as long as



they lay the pipes, install the taps and pay for it all themselves. Responsibility for planning, implementing, and managing the water taps rests entirely with the residents.

Community groups borrow money from their savings schemes to buy the pipes and materials, and undertake the often difficult task of negotiating with factory-owners and subdivision-developers for permission to run water pipes across their land. The community tap programme has sparked off other community-built improvements, including communal toilets, road-paving and small community stores funded by the profits earned from the communal taps.

Source: UN-HABITAT, 2006

Country-wide solutions to land and housing

It is also possible that large-scale transformations of slums — on a country-wide scale — can come about by eliminating some of the change-preventing aspects of land-markets, land policies, infrastructure extension planning and the design and administration of subsidies. The Community Mortgage Programme in the Philippines, for example, is a subsidized land

and housing loan programme which helps squatter communities to buy the land they have been occupying and provides financing for infrastructure improvements. This programme relies on intermediaries such as NGOs, which help with the process of buying and registering land on behalf of the communities.

Source: web.mit.edu/urbanupgrading/

Achievement of the policy changes in Viet Nam

housing units development

81.5 % (22.9 millions) of the total households (28.1 millions) live in the newly built houses or apartments from 2000 – Figure 2024

Housing space (urban areas)

average urban housing floor area increased from 5.8 m² per head in 1996 to 24.9 m² in 2019 and 31.5 m² in 2025

Housing typology

modern housing typologies have been introduced or induced by the market

Social housing programme

students, workers at industrial parks, and low-income people have started to benefit from social housing programmes

Real estate industry

contributed significantly to the country's GDP growth

Private sector

grown significantly

Challenge 1

High informality

A dualism in urban housing production (formal and informal) exists



BUT

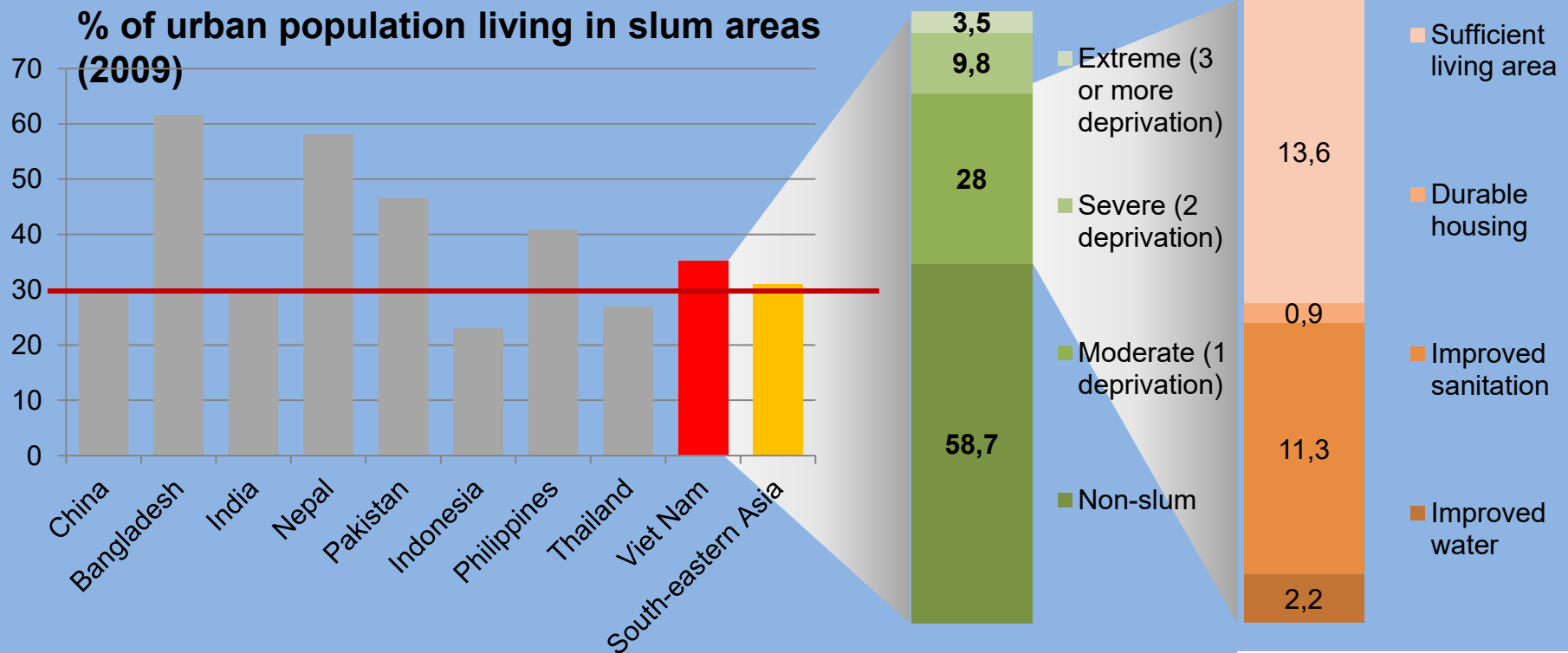
**Large proportion of
People's housing &
Informal housing**



Challenge 1

High number of inadequate housing (slums)

High % of slums, but they mainly requires the improvement only 1-2 components of slum



Note: (a) Computed from country household data using the four components of slum (improved water, improved sanitation, durable housing and sufficient living area).
Source: United Nations Human Settlements Programme (UN-Habitat), Global Urban Indicators Database 2012.

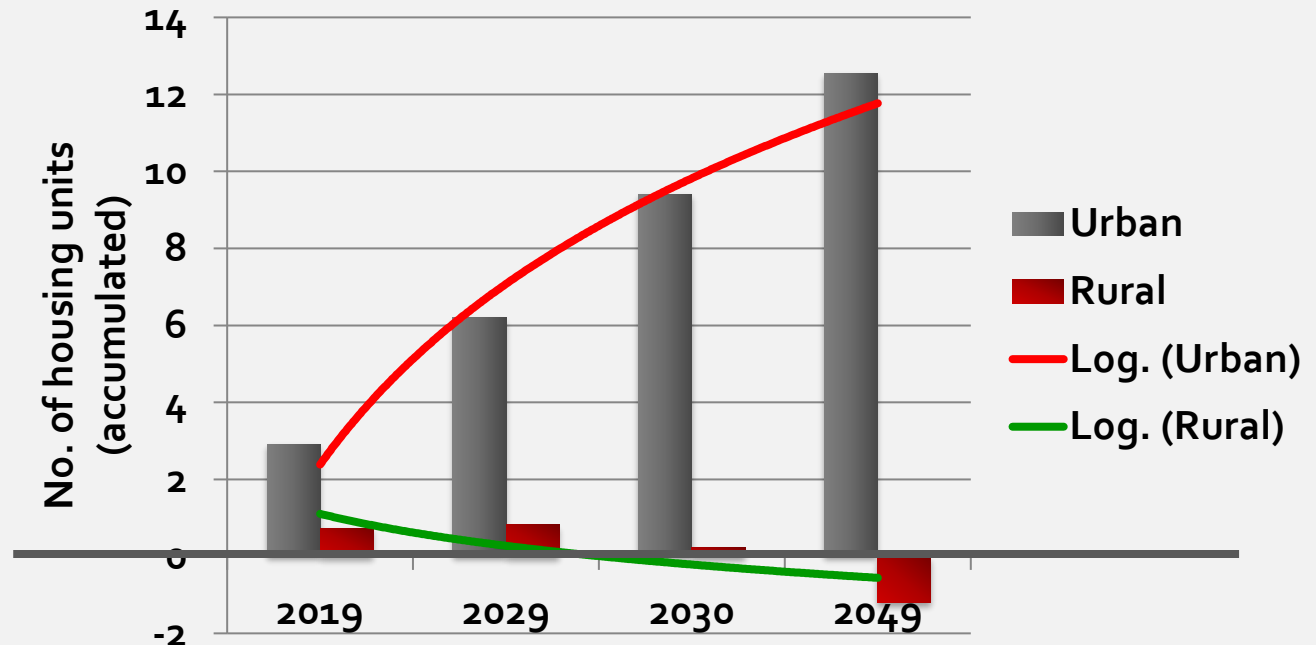
Distribution of
slum dwellers
by degree of
shelter
deprivation (%)

Distribution of moderately
deprived slum dwellers
(one deprivation) by type
of deprivation (%)

Challenge 2

High housing demands

Housing demands in urban areas by 2049
370,000 units/ year = 1,014 units/ day = 42 units/ hour



Accumulated number of new housing units needed to accommodate newly forming families for selected years (million of households)

Source: adapted from UN-Habitat (2014) Viet Nam Housing Profile

Challenge 3

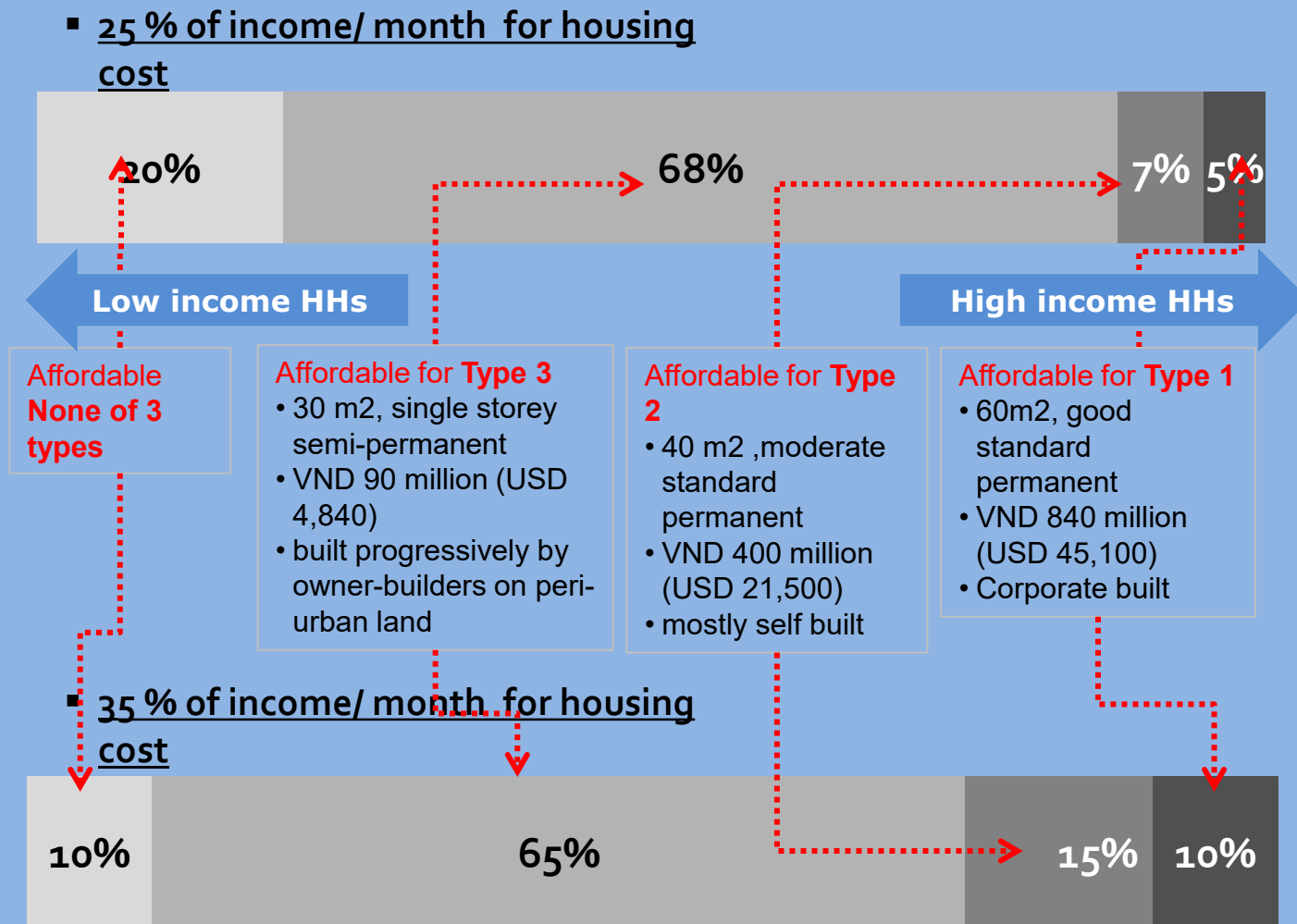
Low affordability:

Affordability for housing is an acute problem

House price-to-income ratio

- 7 ~ 8 in average
- 23 for bottom 20%
- affordable for only the top 5 % of urban HHs

(calculated with average construction costs for 60 m² / unit & average HH income)



Assumed standard of affordability:

Source: adapted from UN-Habitat (2014) Viet Nam Housing Profile

- 1) a household spend **less than 25 % of income per month** under prevalent mortgage loan schemes
- 2) a household spend **less than 35 % of income per month** under prevalent mortgage loan schemes

Challenge 4

High Housing needs but limited supply by social housing programme

Under the construction but meeting with many difficulties

- Housing quality is not reliable for users.
- Construction cost is high and unaffordable to many groups of urban low-income and poor people.
- Those who are permitted to buy social housing do not meet the required criteria.
- There are difficulties in loans on hire-purchase housing (example: even the packet of 30,000 billion VND for housing is already available)

Challenge 5

High number of deteriorated housing

- **Old degraded apartment blocks, from 70s and 80s,** subject to assessment for upgrading
- **Old apartment complexes in urban areas built before 1991:** Over 3 million m² floor of old apartment complexes; More than 100,000 households living in them (MOC 2010).



Institutional issues

Shortcomings and weakness remain

- Policy frameworks: **Reliance on state subsidy & focus on quantitative housing targets** than creating a variety of choices
- **Dual land price and two land markets** (primary and secondary) → conflicts over land and insufficient land supply
- Construction industry and building materials need higher cost efficiency, environmental friendliness and transparency, technology innovation
- **Housing finance** systems currently **miss the majority**
- Housing markets still contain flaws
- Social housing programmes are still little accessible and affordable



Enabling approach & informal housing

- **Recognition of, slums and informal settlements**
 - One of the most positive effects of successful enabling shelter strategies
 - Slum upgrading programs
- **In Viet Nam, the informal and self-built sectors are:**
 - Dominant in housing supply
 - The most affordable
 - Efficient in providing different forms of housings
 - However, this informal housing sector has not been fully considered in the legal and policy framework.
 - **Needs for a progressive shift towards “enabling” the informal sector.**

Creating space for urban communities

- Communities' involvement in the provision and operation of infrastructure, services and housing.
- Benefits
 - Efficient to meet the various demands of different groups
 - Provide services and housing in affordable cost
 - great potential to generate both employment and local income multipliers
 - strengthen community cohesion.
- Resources could be mobilized from community contributions

Housing finance

- **Alternative financial arrangements**

- Another efficient tool to enable broader, non-discriminatory access to affordable housing finance

- **Examples**

- shorter term credit
- small loans at unsubsidised or low or zero interest rates to the poor
- promote incremental housing improvement and construction etc. via mechanisms like daily savings schemes
- community mortgage programs
- community-based rotating savings
- credit cooperatives
- housing micro-finance & NGO housing programs

Thank you