

URBAN SHELTER HOUSING



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Defining Adequacy

“Adequate shelter means more than a roof over one’s head. It also means adequate privacy; adequate space; physical accessibility; adequate security; security of tenure; structural stability and durability; adequate lighting, heating and ventilation; adequate basic infrastructure, such as water-supply, sanitation and waste-management facilities; suitable environmental quality and health-related factors; and adequate and accessible location with regard to work and basic facilities: all of which should be available at an affordable cost. Adequacy should be determined together with the people concerned, bearing in mind the prospect for gradual development...” (The Habitat Agenda, Paragraph 60).

Adequate housing for all?

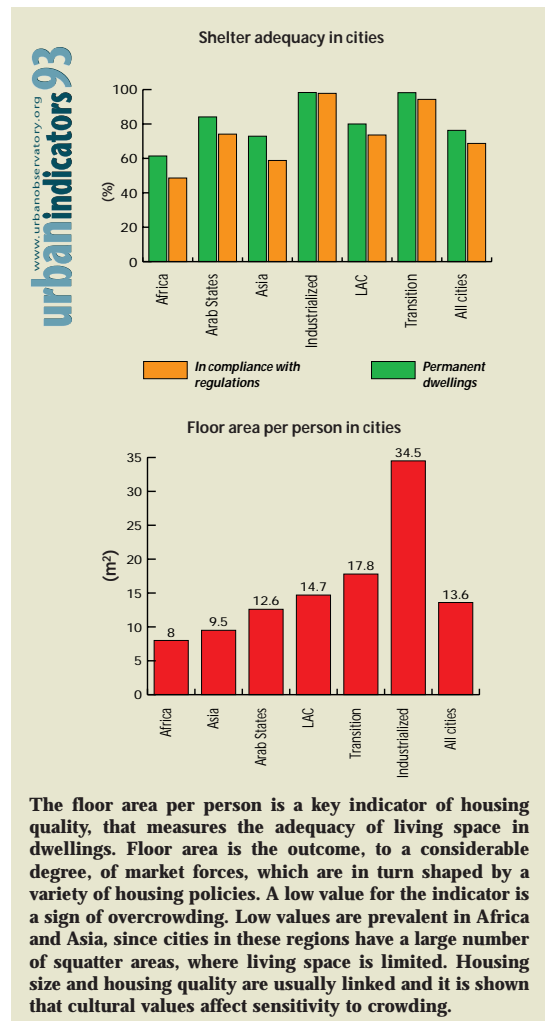
More than one billion of the world’s city residents live in inadequate housing, mostly in the sprawling slums and squatter settlements in developing countries. Such areas are regarded as one of the most visible expressions of human poverty. The lack of adequate housing in the cities of developing countries is one of the most pressing problems of the 21st Century, and the cost of providing adequate shelter for all is immense. Yet, the cost of doing nothing may be even greater, for the new urban slums are potential breeding places for social and political unrest. The global data on housing adequacy is rather limited, however, and what is considered adequate in one part of the world - or at one point of time - may not be regarded so elsewhere. The global housing stock in cities amounts to 700-720 million units of all types. It is estimated that 20 to 40 million urban households are homeless. A significant number of those housed, however, cannot be regarded as living in adequate shelter. Worldwide, 18 percent of all urban housing units (some 125 million units) are non-permanent structures, and 25 percent (175 million units)

do not conform to building regulations. Most deficient housing units are found in the cities of developing countries, with more than half of all less-than-adequate housing units located in the Asia and Pacific region. During the 1990s, some developing countries achieved an improvement in urban housing conditions, though many were unable to cope even with current needs. The situation may become even worse, as household sizes decrease in most countries, and the number of urban households grows considerably faster

than urban populations.¹ In the cities of developing countries, housing delivery systems need to cope with an annual additional demand of some 18 million units, amounting to an annual increase in housing stock of nearly 5 percent.²

Upgrading squatter settlements

Formal construction in the cities of developing countries principally serves moderate-to-upper income groups, leaving lower income populations to address their housing needs through informal means. Widespread unauthorized housing disregards building regulations and may not come with legal titles. Some of those dwellings are built by the prospective occupants, some by informal-sector developers, and much of the rest by ‘slum-lords’ for rent to low-income people. Often these units are of poor quality and located in hazardous areas off-limits to legal housing. If such housing were produced according to established building regulations, the cost would be beyond the reach of the poor. Nevertheless, informal housing can be upgraded to formal status with proper public sector support.



FAWOS - Preventing Homelessness in Vienna, Austria

Vienna, already struggling with homelessness in the 1980's, saw 4,000 households each year lose their apartments in rent default cases. FAWOS, an NGO working with city authorities responsible for welfare and for judicial affairs, provided mitigating measures such as: legal counselling, information on financial support, household planning and budgeting, as well as *ad hoc* financial support. In the first two years, they succeeded in reducing evictions from 61 percent to 25 percent, and further provided evicted tenants with council flats through the Social Necessities Unit. This case highlights the role of information in improving access to housing and security of tenure.

A programme aimed at stimulating low-income, self-help construction in line with local building regulations was undertaken in Aydın, Turkey. It required that legally subdivided parcels of land be owned in areas with low house prices, where buildings up to three storeys were permitted. The municipality did not charge for construction and occupancy permits. Since the inception of the programme in 1997, all unauthorized construction has ceased in Aydın; 403 households have completed construction; and an additional 1,230 households have regularized and finished their previously unauthorized dwelling units.

While most developing countries focus on increasing the current housing stock, the main housing strategy in industrialized countries is conservation, renovation, and modernization of existing dwellings. Provision of social rented housing continues in many of those countries, and priority is given to non-governmental organizations and private suppliers in the allocation of grants and subsidies, rather than to central or local government agencies.

Affordable housing

The number of people living in inadequate shelter³ may be as high as 1.3 billion world-wide⁴ because most cannot afford otherwise. Acute shortages of adequate housing exacerbates the situation, as low supply tends to increase prices. Some 40-50 percent of urban residents in developing countries own their dwellings, and another 20-30 percent are legal tenants. Many cities also have large squatter settlements, where people rent rooms or whole units. In industrialized countries, higher prevalence of rental housing provides for a greater variety of demand and internal mobility.⁵ Nevertheless, some towns in the South have more than 70 percent of their housing stock as rental housing (such as in Kisumu, Kenya; Jinja, Uganda; or Conakry, Guinea).⁶

Poor people pay more

The median house-price-to-income and rent-to-income ratios serve as reminders of the differences between regions, countries and cities, and do not always reflect the wide variability in quality of the local housing stock or of local income inequalities.

The house-price-to-income ratio is indicative of the general level of excess demand in housing markets, and is often associated with reduced housing consumption (in relation to measures of crowding and dwelling space) and lower rates of home-ownership. Countries that have particularly high house-price-to-income ratios are also those with high construction costs and high land prices, caused in part by tight regulatory environments affecting land use and housing construction, with complicated and time-consuming regulations.

Rent-to-income ratios are lowest in transition countries where public housing is still dominant. Rent-control measures may also contribute to the reduction of the rent-to-income ratio, but can also reduce rental housing supply. Countries with high demand pressure, as represented by high household formation rates and insufficient supply of rental accommodation, have higher ratios of rent-to-income. People living in poor regions typically spend 30-40 percent of their incomes on rent. The ratio for African cities is more than twice that of the cities of highly industrialized countries. The main trend is, not surprisingly, that the cost of housing relative to income is highest in the poorest regions (e.g. Sub-Saharan Africa and Asia). Individual examples also indicate that the relative cost is particularly high for the poorest groups. This is why the *Habitat Agenda* calls for Governments to take appropriate action to increase "affordability through the provision of subsidies and other forms of housing assistance to people living in poverty."

In developing countries, central and local government subsidies primarily take the form of provision of land and services below market prices, and allocation of housing credits from public funds with interest rate subsidies. Since the need for subsidy is much greater than available resources, targeting problems arise, with less-deserving people often becoming beneficiaries of subsidies. In many industrialized countries, on the other hand, subsidies are provided to low-income tenant households, while home ownership has its own financial advantages.

Housing can be a policy tool

Housing in developing countries (and increasingly in industrialized countries) also provides a place of work. As such it is capable of generating income and of influencing productivity, and therefore both a goal and a tool of development policy.⁷ Improvements in housing stock should be seen as a strategic economic and social investment. Economic multiplier effects, thus, have both backward linkages (increased construction) and forward linkages (improved human productivity). The main policy challenge is to attract additional financial resources that cater to the needs of the lowest income groups. Since the public sector is unable to meet this challenge through direct provision, the solution has to be found within an enabling approach, where government facilitates other actors to do so.

