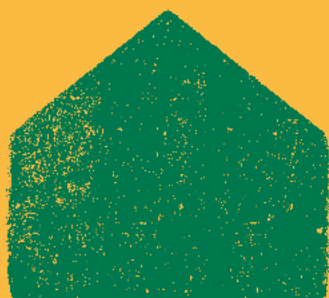
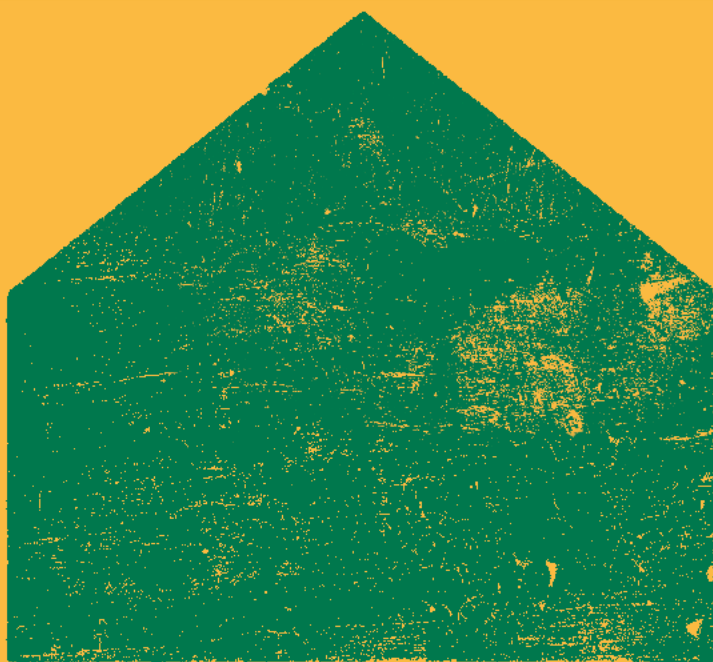


Rethinking Housing Policies



Harnessing local innovation to address
the global housing crisis



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Rethinking Housing Policies

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This Report cannot do full justice to the depth and detail in these reports; the reader can go to these background papers directly for this and for more complete referencing. What this Report seeks to do is to draw on these other documents and consider what we can learn from examples of good policy and practice in housing for low-income groups and what role LRGs have had, have, and could have in this area and also in the implementation of more effective housing policies and practices in the future.



Summary

In covering such a large topic, seeking global coverage and trying to keep the length of the document within manageable proportions, some important topics almost inevitably receive too little coverage. In general, however, this Report is as much about building the institutional and financial capacities of local and regional governments (LRGs) so that they can act and respond to local housing needs to contribute to reach the New Urban Agenda and the Sustainable Development Goals (SDGs), particularly the SDG 11.1 (By 2030, ensure access for all adequate, safe and affordable housing and basic services and upgrade slums”). The focus of this Report is therefore not so much on what local governments should do about housing, but rather on the structures, capacities and partnerships that allow LRGs to develop appropriate responses to the diverse needs of the citizens who are subject to their jurisdiction. The interest in the innovations detailed here therefore lies as much in how local governments were able to fund and support these projects as in what was actually done. Another key point of interest is how well these innovations met the needs and priorities of those living in poor quality housing in the areas under the jurisdiction of these LRGs.

This Report emphasizes the very large and important roles that LRGs have in addressing housing needs because their policies and practices influence so many of the inputs into housing, such as the availability of serviced land, trunk infrastructure and finance. In most countries, LRGs may play only relatively minor roles in defining national housing policies and programmes, yet they are still very influential when it comes to determining housing conditions and the scale and nature of new building work also tends to fall within their jurisdiction. The adequacy of housing includes not only a safe structure but also a good location in relation to the availability of employment, infrastructure networks (including piped water, sewers, drains, roads and electricity supplies) and access to basic services (schools, healthcare, public transport and public space, etc.) In most states, LRGs play a key role in regulating, monitoring and/or providing most, if not all, of these.

Most examples of successful practice are not completely transferable; each individual case tends to be very much rooted in its own local context and political economy. What we can, however, learn from them is the economic and political context that made each innovation possible. We therefore hope that this Report will provide relevant insights into how local governments have successfully addressed housing problems and what support they may have received from higher levels of government, through national housing policies, and from the private sector and/or grassroots organizations and federations.

While the discussion concerning housing conditions and high, and often steeply rising, housing costs is similar in all regions of the world, this Report affords particular attention to government responses to these challenges in Africa, Asia and Latin America. These regions have most of the world’s housing deficit and are therefore where the largest housing needs are concentrated. Here, the main focus is on how to help LRGs to assess and address the particular set of housing needs that face these countries and their low-income populations.

Structure of the Report

This Report examines what we have been able to learn to date from experiences concerning housing policies and practices for low-income and/or other vulnerable groups living in urban areas. It particularly focuses on the roles of local and regional government (LRGs) in this area. The report is divided in two parts. The first part describes the scale of the housing crisis across almost the whole world. The second part seeks to learn lessons from policies and practices that have delivered effective outcomes (and also from those that have not). It also considers where national governments and grassroots organizations have worked with LRGs to increase the scale and effectiveness of such interventions.

Part One: The The scale of the housing crisis and its consequences for local and regional governments

Section 1 looks at the scale of the housing challenge providing a global overview of housing conditions, 'slum-dwelling' populations and the billions of urban residents who even lack basic water supply and sanitation services. It also examines how housing prices have risen and made housing increasingly unaffordable for much of the world's urban population. The effects can be seen in the large, and growing, proportion of city dwellers living in informal settlements, in the informal densification of cities, and in the rise in cases of displacement and eviction. While it is difficult to generalize, given the great differences across countries and cities, there are a number of common challenges. These include the fact that a significant proportion of their populations is unable to afford good quality, secure housing.

Many LRGs are also facing challenges derived from the size of the refugee and/or internally displaced populations who they need to accommodate. These are people who no longer go to, or stay in, camps and become part of the local urban population with similar needs to those of the rest of the local population with regard to housing, access to basic services, security and livelihood opportunities. Aid agencies were not set up to work outside camps and to provide for these types of needs. There is a real need for LRGs to take action in this area, but this requires support and extra resources.

On top of this, there is now the problem of climate change too. To prevent dangerous climate change, all LRGs need to include in their housing policies new measures for adapting to and mitigating climate change, even though much of adapting to climate change is about better-quality housing, infrastructure and services.

Section 2 discusses the multiple roles that housing provides or should provide for its occupants – as a shelter, as a provider of services, and as a connector to infrastructure (it is through housing that people get piped water, access to sewers, drains, all weather roads, electricity...). Housing is often the way to access fundamental amenities and services (which people are entitled to when they have a legal address). It is also a location that should provide good access to the city's labour markets and services. It should serve as a safe refuge during extreme weather events, and, for many low-income households, an investment. Section 2 also discusses the needs of those who are not well served by housing provision including those with severe housing deprivation or who are homeless. This includes the special needs of particular groups – for instance those that face discrimination in access to housing, services and finance on the basis of gender, caste, class, nationality or lack of a legal address. In many cities, this also includes groups that currently lack housing or are in urgent need of safe housing (for instance for those fleeing from domestic abuse).

Section 2 also discusses the role of LRGs in housing and how much this is influenced by how housing is viewed: not only as a need, but also as a right (within a right to the city), and as a commodity, an income earner (e.g. for landlords), an asset, and a generator of employment. The section also discusses how the financialization of housing has raised house prices and reduced accountability, all over the world. One habitual benchmark for housing affordability is that the cost of housing should be no more than three times a household's annual income. However, there are now many cities in which this ratio is over five times annual income, and some where it is even over 10. The section ends with a discussion about what the Sustainable Development Goals mean for housing: laudable goals but with little influence on government policy?

Section 3 looks at the key roles of LRGs in many different aspects of housing and shows why they are so relevant to housing and why housing is so relevant to them. If 'housing' is seen only as relating to a physical structure, in most nations, LRGs do not contribute much to house construction – although they usually have important roles in establishing standards for construction and managing the land use associated to this. However, if housing is viewed as a provider of multiple services, along the lines described in Section 2, then the role of LRGs in providing it is enormously increased. This Section 3 includes a review of such roles and responsibilities and examines the resources that LRGs have (or often do not have) to meet these needs within a context of decentralization. It also reviews experiences with public housing.

Part Two: Policy Experiences and the Promotion of Adequate Housing

The first sections of the second part review **shifts and new directions currently being taken in housing policies** (Section 1 to 4). It includes a review of recent shifts and new directions taken in China and Latin America. Later in this sections, we look at LRG innovations in housing policy in Asia, OECD nations and Latin America. The sections also document how upgrading informal settlements has become the norm in many countries and cities. It discusses the need to for upgrading solutions tailored to meet the needs of each settlement. It compares and contrasts national and local government-driven upgrading and community-led upgrading. The sections discuss experiences involving a wide range of affordable housing policies, addresses the subject of densification, and also summarizes what constitutes good practice for relocation/resettlement.

The rest of sections of the second part provide an analysis of the role played by planning (Section 5), financing (Section 6) and governance in effective housing policies (Section 7). In the case of planning, emphasis is particularly placed on the importance of managing land use for housing, as is the need for city-wide action relating to all types of informal settlements and the data needed to underpin this. The following sections also discusses the financing required for an effective housing policy that works for different income groups and that can provide support for projects involving the upgrading of existing housing stock and the construction of new buildings. It describes recent experiences with land-based finance, including the use of land value capture for public purposes. It also describes community financing (relating to both savings and taking action) and looks at the hundreds of cities where local funds to support housing interventions are jointly managed by community organizations and local governments. The Second Part ends with a discussion about what we have learned in relation to governance for effective housing policies. This includes a look at how LRGs can greatly increase the supply, and reduce the cost, of key inputs needed for

housing. These include facilitating the availability of plots of land for housing that are well-connected to the city and its infrastructure; providing finance that is accessible to, and can serve the housing needs of, low income groups; and changing inappropriate and/or ineffective land use and building regulations. Where minimum plot sizes are currently unnecessarily large (as they often are), plot sizes and costs can be cut without causing overcrowding or densification.

Many UN global agendas, including the Agenda 2030 and the SDGs and the New Urban Agenda, need LRGs to engage and tap community resources in order to support the work being done on the ground. New mechanisms, such as the City Development Funds described in this report, are needed to support such initiatives, as is a more explicit decentralization of resources. LRGs can help pursue the goals of global agendas through local action. This Report ends with some conclusions regarding local action and the institutions that can best address local and global housing agendas.



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1

The Scale of the Housing Crisis and its Consequences for Local and Regional Governments



1

Introduction: the Housing challenge

There is much to celebrate in regard to addressing housing problems. This Report contains so many examples of innovation, which includes breakthroughs developed by a new generation of elected city mayors. There is also the shift of many city and national governments' housing policies to upgrading informal settlements in North and sub-Saharan Africa, Asia and Latin America. Also new models of partnerships between LRGs and civil society and of citizen participation. There are countries and cities where the proportion of the population living in slums and/or lacking piped water and good quality sanitation has gone down. Resettlement programmes that actually benefitted the resettled. More realistic building and planning regulations that lower the cost of housing. Examples of cities that have captured the unearned increment in land values. Cities with social housing programmes that work well and serve much of the city's population. Housing and urban development initiatives with large scale impacts because of successful partnerships between national, state and local authorities. The recognition of the Sustainable Development Goals that give serious attention to adequate and affordable housing. The growing acceptance of housing as a right.

These advances are worth both highlight and celebrated, yet need to be seen in a larger context, which the Office of the High Commissioner for Human Rights summarizes as:

“Housing conditions around the world remain extremely challenging, with homelessness on the rise including in most affluent countries, forced evictions and displacement continuing unabated, informal settlements that lack basic services and security of tenure growing, and housing markets forcing poor and low-income households out”.¹

Just as this Report was being finalized, there were reports of massive evictions in Cotonou, showing how these practices are still common.

A large part of the world's urban population is facing a housing crisis because many citizens cannot afford to buy, build or rent legal housing. Half, or even more, of the urban population of many countries are currently living in informal housing in what the UN defines as slum conditions. For many people, this is the only practical alternative to living in the cheapest legal housing available, which they often have great difficulty affording and which is usually in poor condition and far from labour markets. One of the most evident paradoxes in many successful cities is that the cheapest types of legal housing available in them are usually too expensive for many members of their low-income workforces and the service providers on whom the success of their local economies depend. In many cities, housing has become so expensive that even middle-income households struggle to find accommodation they can afford. Moreover, there are also tens of millions of internally displaced people and refugees that live in urban areas and need accommodation.

We do not know the full dimensions of this crisis because in many countries, data on housing conditions by cities is scarce. Governments rely on national sample surveys to collect relevant data – but these have sample sizes too small to be able to provide data for each city and so these are of little use to local and regional governments (LRGs).

A study in Mumbai notes that “Over half of the city's population lives in informal settlements of varying infrastructure, income, economy, ethnicity and religion, squeezed into whatever space can be found from bridges and railways to

¹ United Nations Human Rights Council, 'Report of the Special Rapporteur on Adequate Housing as a Component of the Right to an Adequate Standard of Living, and on the Right to Non-Discrimination in This Context', 2017.

The key questions concern how to address the gap between what low-income groups can afford and what markets provide and who should be responsible for dealing with this.

pavements and shantytowns.”² However, this description of Mumbai would also fit hundreds of other cities.

The key questions concern how to address the gap between what low-income groups can afford and what markets provide and who should be responsible for dealing with this. The market does not deliver affordable formal housing in cities by itself, even in prosperous high-income countries. Furthermore, this gap has been exacerbated by the fact that, in many cities, housing prices have risen far faster than incomes. As a result, overcrowding (with many adults sharing a house or flat as the only way to afford rental payments) has been increasing, as have the number of households in which adult children continue to live with their parents and the phenomenon of homelessness. For instance, the report on Pakistan noted that, for the first time, there are now people sleeping under bridges, on roundabouts, on pavements, and in open-air ‘hotels’, with this being particularly evident in Karachi and the country’s other larger cities. In London, there have been reports of several extreme cases of informal multiple occupancy. In one case from 2015, a three-bedroom house was occupied by 35 men living in rooms full of mattresses;³ in another, from 2017, 26 inhabitants were living in the same house, including seven sleeping in a windowless basement.⁴ In Mumbai, the cheapest forms of housing are ‘hot beds’, where it is possible to rent a bed, in a dormitory, by the hour. On the outskirts of Bangalore, many recent migrants currently live in clusters of tents, with only the most rudimentary of service provision.⁵ The question is whether these are just rare, and extreme examples, or something symptomatic of what billions of low-income groups may regularly face in their search for accommodation. It is also important to establish if this situation is symptomatic of what the market can and cannot provide.

Another relevant question concerns how governments react to such problems as these. **A certain degree of caution is needed here in any policy response because for all their inadequacies, these hot bed systems may be providing low-income individuals with the only form of accommodation that they can afford.** As will be discussed in the Second Part, the provision of dormitory accommodation in China has been criticized but it may better suit the needs of migrants than any other practical options.

Moreover, how can government housing policies be made more effective in a global system in which the housing and urban land markets have become increasingly financialized?

At the centre of the housing crisis lie the billion or so urban dwellers who live in the Global South⁶, in settlements that are generally referred to as “informal” because they contravene official standards. These settlements are characterized by poor housing quality and a lack of secure tenure, infrastructure and public services. Many are built on dangerous sites, including next to rivers, on floodplains, or on unstable slopes.

In most of the countries in Latin America and the Caribbean, between 30% and 60% of the housing stock is produced informally. Although no comparable figures are available for other regions, those for much of Africa and Asia are likely to be comparable, or perhaps even higher for some territories. For instance, the vast majority of housing in African towns and cities (and also rural areas) is built unit-by-unit, and informally. In urban areas, this is normally done without access to credit and in informal settlements and may take the form of backyard shacks, overcrowded and unregistered houses, and housing purchased informally. While this pervasive housing delivery system remains common across much of Africa, it is not officially supported and indeed often still actively discouraged by LRGs. This

2
Colin Mcfarlane, ‘Sanitation in Mumbai’s Informal Settlements: State, “Slum”, and Infrastructure’, *Environment and Planning A* 40, no. 1 (2008): 88-107.

3
For details, see: t.ly/zk0gN.

4
See also: bit.ly/2MZuUqO.

5
Anirudh Krishna, M S Sriram, and Purnima Prakash, ‘Slum Types and Adaptation Strategies: Identifying Policy-Relevant Differences in Bangalore’, *Environment and Urbanization* 26, no. 2 (2014): 568-85.

6
The term the Global South came into use as an alternative to more normative terms such ‘developing’ or ‘less developed’ nations. It encompasses low- and middle-income nations in Asia, Africa, Latin America and the Caribbean.

The lack of affordable formal housing is what has underpinned the growth of informal settlements and informal rental markets.

Source: Hasan, Arif, and Hamza Arif. 'Pakistan: The Causes and Repercussions of the Housing Crisis'. London, 2018.

informal incrementalism also robs cities and households of the benefits of planned infrastructure and housing development and also economies of agglomeration.

The lack of affordable formal housing is what has underpinned the growth of informal settlements and informal rental markets. In many cities, informal settlements house more than a third of the population and labour force and in some cases (including Cairo, Nairobi, Karachi, Mumbai, Luanda and Dar es Salaam) over half. Many LRGs are currently facing rapid population growth without the means to expand the provision of critical infrastructure and services to existing housing or to undertake other key interventions in order to address relevant housing issues, including upgrading and developing new land. Box 1 shows the scale of the urban housing deficit in Pakistan and, more specifically, in Karachi.

Box 1: The urban housing deficit in Pakistan

The demand for urban housing in Pakistan is 350,000 units/year: 62% of which is for low income groups, 25% for lower-middle income groups, and 10% for upper-middle and high income groups. The formal housing sector builds 150,000 units per year, with much of this being in gated communities. The rest of the demand is met through the creation of informal settlements and the densification of existing low and lower-middle income settlements. There is currently also a backlog of around 300,000 housing units in urban areas.

In Karachi, informal settlements on subdivided government land (*katchi abadis*) house around 61% of the urban population and provide around 50,000 housing units/year. The informal subdivision of agricultural land on the city periphery provides around 120,000 units/year and adds around 30,000 units/year to the densification of the periphery.

1.1

Global overview of housing conditions

When seeking statistics on housing conditions that allow international comparisons, only a limited range is available and their coverage is incomplete. As will explain in more detail in Section 2 – Part 1, good quality housing in cities has certain attributes, including affordability, secure tenure and good access to labour markets and services, that are not easily measured. In order to illustrate this point, Box 2 presents a summary of an assessment of the scale of housing deficits in Latin America.

Box 2: Assessing quantitative and qualitative housing deficits in Latin America

Between 2000 and 2009, (the latest date for which data are available) housing conditions improved in many Latin American countries. This can be seen from the reduction in the *quantitative shortage* (households needing a new dwelling) and *qualitative shortages* (poor quality building materials and overcrowded dwellings, lack of infrastructure in certain neighbourhoods and lack of secure tenure). Note that the quantitative deficit included other households sharing with the main

resident family and the existence of dwellings that could not be rehabilitated, such as shacks and areas not appropriate for housing.

The proportion of urban households facing these housing needs decreased for all the variables except security of tenure. Quantitative shortages fell from 8% in 1995 to 6% in 2009, while qualitative shortages also significantly declined in many countries, with regard to infrastructure, inadequate building materials and overcrowding. On top of this, in many countries, the proportion of urban households with unfulfilled housing needs is now relatively low.

Table 1: Urban Housing Conditions in Latin America, 2000 and 2009 (percentage of total housing stock)

		Quantitative		Poor-Quality Building Materials and Overcrowding		Lack of Infrastructure		Lack of Secure Tenure	
		2000	2009	2000	2009	2000	2009	2000	2009
High income	Chile	5	3	2	1	4	2	13	14
	Mexico	2	2	10	9	11	8	14	15
	Argentina	3	4	11	9	16	10	13	16
	Uruguay	2	0	3	3	3	8	14	22
	Panama	10	8	9	6	24	21	17	15
	Venezuela	6	7	6	13	11	7	8	7
Upper middle income	Costa Rica	2	2	8	5	4	1	7	6
	Brazil	8	6	3	1	28	23	8	7
	Colombia	11	8	7	7	8	9	9	10
Lower middle income	Peru	15	13	33	31	30	22	22	25
	Dominican Republic	11	3	7	5	35	25	11	9
	Ecuador	12	10	23	14	25	19	12	13
Low income	El Salvador	6	7	26	21	32	30	15	16
	Paraguay	6	6	17	12	35	20	9	12
	Guatemala	12	11	39	32	36	32	12	10
	Bolivia	27	30	29	27	38	32	13	11
	Honduras	3	2	26	16	35	20	14	11
	Nicaragua	13	7	42	31	63	53	12	8

The data for the table above were mostly obtained from censuses and household surveys. A comparable table could also be generated for Asian and African countries, although for some of them there is no recent or reliable census data available. There are also some other limitations to the data available. These will be discussed in more detail in the Second Part and include an over-reliance on national sample surveys for monitoring housing conditions that have sample sizes which are too small to provide statistics for each city, let alone for every neighbourhood, which is what is actually needed to justify upgrading.

Housing and the provision of water and sanitation

The housing statistics with the best global coverage that are regularly updated are those relating to water, sanitation and hygiene, with a specific focus on providing these services to housing. Such data includes statistics on



Note: The countries are arranged in descending order of GDP per capita (2009 purchasing power parity).

Source: Rojas, E. "Housing Policies and Urban Development: Lessons from the Latin American Experience, 1960-2010" in McCarthy, George W., Gregory K. Ingram, and Samuel A. Moody, eds. *Land and the City*. Cambridge, MA, 2016 (Pages 301-356), available at: http://www.lincolninst.edu/pubs/3589_Land-and-the-City

homes with piped-water supplies and connections to sewers. There is a permanent organization devoted to monitoring this subject: the WHO/UNICEF Joint Monitoring Programme for Water Supply, Sanitation and Hygiene (JMP), and statistics are available for national, rural and urban populations. The JMP has modified its definitions and objectives in response to the specific water and sanitation goals outlined in the Sustainable Development Goals (SDG 6). By 2030, the aim is to achieve universal and equitable access to safe and affordable drinking water and access to adequate and equitable sanitation and hygiene for all. The objective is to put an end to open defecation and to give special attention to the needs of women and girls and those in vulnerable situations. Definitions are important because the SDGs for water and sanitation set much higher and more appropriate standards for urban contexts than the Millennium Development Goals (MDGs) that they replaced.⁷

7
The UN SDG water and sanitation indicators set far more appropriate standards for urban areas than those used in the MDGs: Safely managed water (on premises/available/safe) and safely managed sanitation (on premises with excreta safely disposed of and treated). Applying these instead of the MDG standards of 'improved' provision reveals a much larger deficit.

Source: WHO, and UNICEF. 'Progress on Drinking Water, Sanitation and Hygiene: 2017 Update and SDG Baselines.' Geneva, 2017.

Table 2 shows the proportion of the urban population receiving water and sanitation services supplied to their premises in each global SDG region in 2015. In the case of water, 85% of the world's urban population had what is termed "safely managed water" piped to their premises, but this still meant that 677 million urban dwellers lacked this essential service, with the proportion of those lacking such supplies being highest in sub-Saharan Africa and among the least economically developed countries. Only 43% of the world's urban population had safely managed sanitation on their premises, while 60% had sewer connections. This means that around 2 billion urban dwellers live in homes without safely managed sanitation on their premises. This must also include a substantial proportion of middle-income groups living in formal housing. These enormous deficits in the provision of water and sanitation need to be addressed in a world whose urban population is projected to grow by 2.3 billion between 2020 and 2050. What is more, most of this growth will take place in Asia and sub-Saharan Africa where the water and sanitation supply problems are worst.



Table 2: Provision of water and sanitation in 2015

Region	Population (thousands)	% urban	Safely managed water piped to premises	Safely managed sanitation on the premises	Sewer connection
Australia and New Zealand	28,497	89%	97		n.a.
Central Asia and Southern Asia	1,890,288	35%	61		28
Eastern Asia and South-eastern Asia	2,245,777	57%	89	50	59
Latin America and the Caribbean	634,387	80%	77	27	72
Northern America and Europe	1,096,280	76%	96	87	92
Oceania excluding Australia & New Zealand			n.a.	n.a.	26
Sub-Saharan Africa	962,287	38%	46	n.a.	11
Western Asia and Northern Africa	481,123	61%	n.a.	46	76
Least economically developed countries	954,920	32%	53	n.a.	7
WORLD	7,349,472	54%	85	43	60

Slums/informal settlements

UN-Habitat provides statistics for regions and for many countries on the size and proportion of their urban populations that live in what they term slums (see Table 3). In most of the regions included in Table 3, between 21% and 31% of the urban population was reported to be living in slums in 2014. In sub-Saharan Africa, the figure was 55.9%. No statistics were provided for the Global North.

Within Africa, Northern Africa has a much lower proportion of its urban population living in slums than sub-Saharan Africa. This can be attributed to better urban development strategies and generally higher levels of economic development and growth. Latin America and the Caribbean had a relatively low percent of people living in slums and, along with Northern Africa, these were the only regions which experienced a decline in absolute numbers of slum dwellers. With the return to, or strengthening of, democracy in many Latin American countries, which has included decentralization and elected mayors and city authorities, the proportion of the urban population receiving basic services increased substantially.

It is likely that the figures presented in Table 3 understate the scale of slum populations because the bar was set very low for the indicators used to define slums in relation to access to water and sanitation. Changing from the MDG indicators (relating to ‘improved provision’) to the SDG indicators (based on safely managed water and sanitation on the premises) would imply a dramatic increase in the number of slum-dwelling households. There are also several implausible “achievements” included in the official slum data. It is, for instance, difficult to believe that the percentage of urban households living in slums in India could really have fallen from 54.9% in 1990 to 24% in 2014, or from 50% to 11% in Egypt, between these same years, when such a high proportion of urban dwellers in these countries live in informal settlements that lack basic services.⁸

⁸ Sarah Sabry, ‘How Poverty Is Underestimated in Greater Cairo, Egypt’, *Environment and Urbanization* 22, no. 2 (2010): 523-41.

Table 3: Estimates of urban populations living in ‘slums’ in 1990 and 2014

Region	% of urban population living in slums		Urban slum population (millions)	
	1990	2014	1990	2014
Eastern Asia	43.7	26.2	205	252
Latin America and the Caribbean	33.7	21.5	106	105
Northern Africa	34.4	11.9	22	11
Oceania excluding Australia & New Zealand	24.1	24.1	0.3	0.6
South-eastern Asia	49.5	28.4	70	84
Southern Asia	57.2	31.3	181	191
Sub-Saharan Africa	70	55.9	93	201
Western Asia	22.5	24.9	12	37
Global South	46.2	29.7	689	881

Table 4 shows the very long list of countries that had more than half their total urban populations living in slum-like conditions in 2014. This also implies some very large absolute numbers: over 21 million in Congo DR, over 42 million in Nigeria, and over 29 million in Bangladesh. Most of the countries

↑ Source: UN-Habitat. ‘Slum Almanac 2015/2016: Tracking Improvement in the Lives of Slum Dwellers.’ Nairobi, 2016.

listed in Table 4 are in sub-Saharan Africa. Some of these countries (Central African Republic, Comoros, Cote d'Ivoire, Lesotho, Malawi and Mozambique) did not only have a high proportion of their urban populations living in 'slums', but also had a higher proportion of slum dwellers in 2014 than in 2000.

Source: UN-Habitat. 'Slum Almanac 2015/2016: Tracking Improvement in the Lives of Slum Dwellers.' Nairobi, 2016.

Table 4: Countries which reported to have more than half their urban population living in 'slums' according to UN-Habitat definitions

Country	% Urban population in 'slums' 2000-2014		Number of urban dwellers in 'slums' (thousands)
Africa			
Angola	86.5	55.5	5,317
Benin	74.3	61.5	2,836
Burkina Faso	65.9	65.8	3,327
Burundi		57.9	714
Central African Republic	91.9	93.3	1,747
Chad	93.9	88.2	2,604
Comoros	65.4	69.6	148
Cote D'Ivoire	55.3	56.0	6,234
Congo, DR		74.8	21,788
Djibouti		65.6	449
Equatorial Guinea		66.2	205
Ethiopia	88.6	73.9	13,570
Guinea-Bissau		82.3	698
Kenya	54.8	56.0	6,427
Lesotho		50.8	285
Liberia		65.7	1,424
Madagascar	84.1	77.2	6,273
Malawi	66.4	66.7	1,808
Mali	75.4	56.3	3,475
Mauritania		79.9	1,886
Mozambique	78.2	80.3	6,789
Niger	82.6	70.1	2,399
Nigeria	69.6	50.2	42,067
Rwanda	79.7	53.2	1,792
Sierra Leone		75.6	1,857
Sao Tome and Principe		86.6	111
Somalia		73.6	3,108
Sudan		91.8	11,939
South Sudan		95.6	2,086
Togo		51.2	1,413
Uganda	75.0	53.6	3,282
United Republic of Tanzania	70.1	50.7	7,952
Zambia	57.2	54.0	3,282
Asia			
Afghanistan		62.7	5,155
Bangladesh	77.8	55.1	29,273
Cambodia		55.1	1,740
Lebanon		53.1	2,312
Nepal	64.0	54.3	2,786
Yemen		60.8	5,166
Latin America and the Caribbean			
Haiti	93.4	74.4	4,471
Jamaica		60.5	924

SDG 11 includes a commitment to upgrade all ‘slums’ by 2030. Slums, as defined by the UN, are not the same as informal settlements, although sometimes the two terms are used interchangeably. Definitions of informal settlements are based on contraventions of specific laws, rules and regulations relating to land ownership and use, building standards, and self-provided services. Definitions of slums are usually based on measures of housing quality, the adequacy of service provision and overcrowding. **The UN defines ‘slum’ households as lacking one, or more, of four basic criteria: durable housing, adequate living space (3 or more people per room), improved water supply, and improved sanitation.** Originally, the definition included households that lacked secure land tenure, which would have implied additional informal settlement dwellers, but this condition was dropped due to the lack of available data for the majority of countries.

However, a large proportion of what the UN and many countries would classify as slums are also informal settlements. In fact, the term ‘informal settlement’ came to be used instead of ‘slum’ or ‘illegal settlement’ because it was considered more appropriate; referring to, or officially classifying, a settlement as a slum can perpetuate negative attitudes to it and be used to legitimate bulldozing it.

There are also informal settlements that would not be considered slums. These include settlements on land acquired from the owner (and thus not illegally occupied) but that have subsequently been unofficially/illegally sub-divided. These can include plots located within a regular grid plan (and which may otherwise comply with municipal regulations), houses built with durable materials, and properties with good water and sanitation services.

There are also some neighbourhoods that are termed slums but that would not be classified as informal settlements because they were not built illegally. These include houses, or apartments, that met formal construction standards when they were originally built, but that have since been subdivided into small rental units or which have deteriorated due to poor maintenance. In many countries, this category would also include poor quality and poorly maintained public housing.

Unaffordable housing

Housing affordability for individuals and households is usually assessed as a percentage of their income that citizens spend on housing rentals or mortgage payments. It is often set at 30% of income; this should include payments for water, sanitation and energy services, including electricity and local rates and taxes. Monthly payments for housing loans/mortgages depend on interest rates and the length of time over which loans are taken out; rising interest rates can push up mortgage payments and make them unaffordable.

In the OECD countries, 39% of low-income households spend over 40% of their disposable income on housing.⁹ In 2016, nearly a third of U.S. households spent more than 30% of their annual income on housing, and over 11 million renters and 7.5 million property owners dedicated at least half of their income to housing expenses (see below 1.2. Housing conditions and affordability in OECD countries).¹⁰

The challenge of ensuring adequate supplies of affordable housing is most severe in large, successful, metropolitan areas, where demand-side pressures, highly restrictive land use regulations, and the limited supply of available land drive prices up. The highest housing costs are generally found in the wealthiest and/or most successful cities, but with considerable variations both within and between countries.

⁹ See OECD Affordable Housing Database, accessible at: bit.ly/2PdmbnB.

¹⁰ Joint Center for Housing Studies, ‘The State Of The Nation’s Housing 2017’ (Boston, MA, 2017).

Box 3: Barcelona's integrated strategy for adequate housing

During the 2nd International Social Housing Festival that took place in Lyon, France in June 2019, Barcelona was awarded the European Responsible Housing Award for its "Place-based anti-speculation housing policies". The policies' primary goal is to increase the number of public, social and affordable housing units in gentrifying dense urban areas, where residents are particularly vulnerable to speculative practices.

As many other global cities, Barcelona is suffering from a housing affordability crisis and limited resources in terms of land and capital to develop new public, social and affordable housing. This is why the City is looking at the private housing stock as a source of housing that could be offered at a below-market price.

This set of policies are based on a territorialised diagnosis of residential vulnerability, which has resulted in two sets of measures:

- Acquisition of housing units in the private housing market with the aim of curbing the displacement of neighbours and of increasing the public housing stock in severely stressed areas.
- Mobilization of private housing for affordable housing through bilateral agreements with private landlords. This policy uses subsidies and financial incentives such as rehabilitation subsidies, tax incentives, as well as guarantees and insurances.

The City has already acquired over 700 units of private dwellings (September 2019) that have become part of the public housing stock. Another 1,125 private units were mobilized in 2018 and were made temporarily affordable to low-income households through the Rental Housing Pool and the Cession Programme.

Both the Acquisition of housing units in the private housing market and the Mobilization of private housing for affordable housing have had an impact in neighbourhoods that are severely stressed by gentrification processes and where the City does not have many public housing units or land to build it. In addition, the combination of rehabilitation subsidies, subsidized taxation, guarantees, direct investment through private acquisitions and participation in job placement programmes have created a virtuous circle that guarantees citizens' right to housing in their own neighbourhood, while ensuring their personal autonomy and the adequate upkeep of the housing stock.

As part of the Right to Housing Plan 2016-2025, place-based anti-speculation measures want to complement other policies included in the Plan, such as the increase in the rental public housing stock, the collaboration with the non- and limited-profit private sector for the construction of affordable housing, or the promotion of cooperative housing, among others.

The most widely used indicator of housing affordability is the ration between prices and income. Many cities, and city districts, have extremely high housing price to income ratios. Price to income ratios (the median house price divided by the median household income) of up to 3 used to be considered affordable and would have allowed an individual, or household, to be able to purchase housing with a mortgage. Now, however, there are many cities with price to income

ratios of 5 or more (and some with ratios of over 10!). Section 3 – Part 1 includes a detailed section that looks at price to income ratios in greater detail. Naturally, the higher this ratio is, the larger will be the proportion of the population (both individuals and households) who will be unable to enter the (legal) housing market. As a result, this market therefore ultimately tends to serve only those with incomes that are several times higher than the median income.

In many cities, housing prices have risen faster than incomes. This can be seen in the increase in the proportion of individuals or households spending more than 30% of their income on housing. It can also be seen in average house prices that exceed 3 times the median income. In more than half of the OECD countries housing prices are rising faster than incomes. Houses and flats worth more than USD 1 million are now commonplace in cities in high-income countries, yet only a very small proportion of income earners can afford a mortgage to purchase such accommodation, or even the deposit that is usually demanded by the bank or mortgage provider.

In Colombia, housing prices in the country's three main cities (Bogota, Cali, and Medellin) rose by 110%, in real terms, between 2005 and 2016.¹¹ In Australia, housing prices in the eight largest cities rose by 50% between 2012 and 2017, with this mainly being driven by an increase of 80% in Sydney and 60% in Melbourne.¹²

Rising house prices are usually underpinned by rising land prices. Land prices in 35 of the largest Chinese cities increased by 685%, in real terms, between 2004 and 2017. Land prices appreciated by 1,559%, in real terms, in Beijing between 2004 and 2017 (24.1% compound annual growth) and 948% in Shanghai between 2006 and 2017 (22.8% compound annual growth).¹³

In Karachi, the ratio of land prices to incomes rose from 1.7 in 1991 to 10.0 in 2007. As a result, the relationship between what people earn and how much they have to pay for housing has changed dramatically. Formal housing for rental or purchase has become increasingly unaffordable for low-income groups in many cities, and even for a large percentage of the middle classes.¹⁴

The lack of access to housing finance has only exacerbated the problem of unaffordable housing. The percentage of people with outstanding mortgages contracted with financial institutions (whether formal or informal) is close to zero in several African countries and very low in many others. Meanwhile, large sections of the population in other parts of the world lack sufficient income to afford a mortgage large enough to purchase even a modest house or apartment. They are also unable to meet other conditions required for obtaining a mortgage, such as having a legal address and employment within the formal job sector.

Informal land and housing

Where cities have large numbers of people living in informal settlements, there is likely to be an informal market for housing plots. **Many informal settlements originated as unlawful land occupations or invasions which allowed the occupiers to become *de facto* owners, at no monetary cost, if they managed to avoid eviction. This is less common now because housing plots must be purchased, or leased, from informal land developers.** Some of these may be near formal markets, as in the case of the sale of illegal subdivisions by landowners. Others may be outside the market, such as when land can be found and occupied without any payment. This is often, however, land on potentially problematic or even dangerous sites. It may include land far from the city. Low-income

Rising house prices are usually underpinned by rising land prices. Land prices in 35 of the largest Chinese cities increased by 685%, in real terms, between 2004 and 2017.

11
Francisco Roch, 'Housing Finance and Real Estate Markets in Colombia', IMF Working Paper, 2017.

12
Ondina Rocca and Guiliana de Mendiola, 'Affordable Housing in the World's Cities: Urban 20 the White Papers', 2018.

13
Rocca and de Mendiola.

14
Arif Hasan and Hamza Arif, 'Pakistan: The Causes and Repercussions of the Housing Crisis' (London, 2018).

The possibilities of low-income groups obtaining housing plots in informal settlements and building their own homes has acted as a vast and vital source of new (affordable) housing in most of the cities in the Global South.

households may choose to build, or live, in some of the more inaccessible areas because they are cheaper, but they then face high time and monetary costs associated with commuting to work and obtaining access to services. It may also include organized land invasions (although these are far less common than they used to be). Informal land markets may also be used by landlords to obtain land on which to build rental accommodation.

Informal land markets also change over time, in response to changes in the city. This often involves developments in and around new road networks and/or public transport improvements. The disadvantage of the informal land market is that when housing is affordable to the poor, it is likely to be on the periphery of the city and far from social facilities, jobs (especially for women) and recreation. The lack of affordable land for low income groups also tends to exacerbate densification within existing informal settlements.

The possibilities of low-income groups obtaining housing plots in informal settlements and building their own homes has acted as a vast and vital source of new (affordable) housing in most of the cities in the Global South. It was not, of course, viewed as such by most governments, who either ignored or sought to bulldoze them. However, this vital source of (cheap) new housing is no longer available in many cities as even the price of plots in informal settlements has risen significantly.

As market forces and competition for scarce land have transformed land and housing supply systems in cities, land and housing have become targets for speculative investment, with the land or the housing built there often being left vacant. This can be clearly seen in Asia where, in the midst of great housing need, there are large amounts of unoccupied land and formal housing which are being held as speculative investments. In India, for example, even though 19 million units are needed to meet the housing shortage, 11.09 million units currently stand vacant. In Karachi, 300,000 housing plots and 68,000 apartments are kept vacant as speculative investments, which also helps to ensure that land prices stay high. In Japan, the number of vacant units has reached 8.2 million, or 14% of the total housing stock. In some countries, governments do not keep reliable data on vacant, unfinished, unoccupied, or total housing, and this lack of information facilitates speculation and foils efforts to address real land and housing needs.

Densification and rental accommodation

As the formal housing sector fails to keep pace with demand, the informal provision of housing and overcrowding in the existing housing stock continue to increase. Historically speaking, this used to be mainly through buying or building in informal settlements. However, **in many cities, as it becomes more difficult and expensive to acquire and/or afford land in new informal settlements, the number of rental units in existing informal settlements increases.** In Karachi, it has become cheaper and more practical for low-income families to rent small apartments close to their jobs and schools in the inner city than to own a house on the urban periphery, which lacks social and physical infrastructure.

As the demand for inner-city rental accommodation increases, existing neighbourhoods, including informal settlements, densify through additional rental units. People densify their homes in two ways: they either add extra floors for their expanding families or to rent out to others. Alternatively, if the settlements are near job markets, they make agreements with formal or informal developers

As the demand for inner-city rental accommodation increases, existing neighbourhoods, including informal settlements, densify through additional rental units.

who turn their homes into multi-story apartments, while keeping a few apartments for themselves. This is now happening on a large scale in informal settlements in Karachi and Delhi. This informal high-density housing suffers many problems due to poor design, inadequate plumbing and sanitation, poor lighting and lack of ventilation. It has now become cheaper to rent a (small, poor quality) home near the city than to own a home on the periphery.

There are examples of private companies building high-rise apartments for sale or rental in Karachi, Nairobi and Kathmandu that are more affordable because of the laxer building standards, which also permit much smaller apartments. In Karachi, these multi-storey buildings usually replace 1-2 storey housing in informal settlements. They can house six or more people in each room and do not normally have lifts or cross ventilation.¹⁵ This densification also contributes to the creation of urban heat islands, which subject residents to life-threatening conditions during heat waves.

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Hasan and Arif. See also:
bit.ly/32D5RR3.

Nairobi is well known for its informal settlements that house more than half the city's population. However, what is less well known is the amount of private sector housing that has come 'down market' to the point at which it is now accommodating low-income households (although not the lowest income groups). These units tend to be in cheaply built 9-11 storey buildings. Rents are typically KSh 5,000 (around USD 50)/month for a room on the inside of the neighbourhood, or KSh 7,000 (USD 70)/month for those alongside a finished road and with improved services, or nearer to the outside. All of the rooms measure approximately 10 ft by 10 ft (roughly 3 by 3 square metres).

Many factory workers live in these buildings and can walk to work from them. Working 25 days a month, they earn KSh 12500 (USD 125) per month. Those who can, rent two rooms, but most cannot afford to do this. One way in which costs are reduced (and rents kept down) is by not providing a toilet in every room. The fact that there are no lifts means that water has to be carried up from below, as does food. Each building complex generates around USD 100,000 a year from rent (including higher rents for ground floor properties with businesses). These multi-storey buildings (8 to 10 floors high) are built on 33 by 90 feet (roughly 10 by 27 metres) plots, with 14 rooms per floor.

Displacement/eviction

Most of the residents of informal settlements live there because they cannot afford accommodation in formal, legal housing. They face the risk of eviction and if they are tenants they also lack any legal protection against their landlords evicting them. The extent of this risk of eviction varies considerably from settlement to settlement and, as previously noted, plots purchased from the legal landowner that do not comply with municipal regulations tend to be less of a risk. In fact, some informal settlements face very little threat of eviction and enjoy government-provided infrastructure and services. In contrast, some other large, well-located and long-established informal settlements face a high risk of eviction due to the value of the land that they occupy. Political changes can also change the threat of eviction. This is sometimes for the worse, as a new government initiates or supports evictions, and other times for the better, as shown by many of the examples highlighted in this report.

Informal settlements exist within larger (often formal and informal) land, housing and labour markets and face eviction threats from development

pressures, market forces and large scale infrastructural developments. In Thailand, as in many other countries, evictions increase when the economy is growing and competition for land increases, but taper off a little when economies slow down and development pressures lessen.

Gentrification

Gentrification is another factor that pushes up house and rental prices (including those for businesses) and that can disrupt communities. Gentrification often modifies a neighbourhood's racial/ethnic composition and average household income by developing new, more expensive housing, attracting new businesses and improving resources.¹⁶ It is fuelled by the movement of more affluent people into cheaper (and perhaps more rundown) neighbourhoods. This usually includes the arrival in the neighbourhood of home buyers who invest in housing improvement. The new residents who move in may themselves have been pushed out of their previous neighbourhood as a result of gentrification.

Gentrification generally affects low-income renters the most. It may also be stimulated by public investment, including new or improved transport systems, which make the area better connected to other parts of the city. Gentrification also occurs through wealthy households buying, or building, second homes which tends to push up house prices in their local area and usually produces housing that is vacant for much of the year. There are also worries that rental markets may shrink as landlords shift to putting their housing units for rent on short-term rental sites such as AirBnB.

There is also the gentrification of informal settlements, and especially the better located ones. This can also be one of the consequences of upgrading. As a settlement is made more secure for its residents - whether by regularizing it, formalizing user rights or giving individual land titles to its residents, and providing it with basic services - its value increases and it becomes more attractive to wealthier groups. This may include people, or companies, who invest in rental accommodation. As the Asian report developed by ACHR highlighted, it would be strange for any sane person to pass up on an offer to trade in their shack for more cash than they could possibly earn in five years.¹⁷

The large, violent mass evictions of the 1970s through to the 1990s, involving the use of soldiers and bulldozers, are far less common today. Even so, quieter, smaller, piecemeal evictions are common, and especially where land for infrastructure is involved. Rising rents also act as effective evictors as they push out low-income tenants.

Evictions almost never solve problems as intended; they just move the problem to another location and further exacerbate poverty. When evicted families do get some kind of compensation, this is usually well below the market value of their home and not enough to pay for another. However, as explained in the Second Part, there are examples of evictions in which the evictees were well-organized and negotiated resettlement sites that were still in good, city-centre locations.¹⁸

Informal provision of affordable housing

In the Global South, buying, building or renting accommodation in informal settlements are the most significant sources of 'affordable' housing for

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For further details,
see: t.ly/BMmWM.

17
Asian Coalition for Housing
Rights, 'Housing Policies in
the Asia Region', Working
Papers for the UCLG Housing
Report (Bangkok, 2018).

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Jockin Arputham, 'Developing
New Approaches for People-Centred
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and Urbanization* 20, no. 2
(2008): 319-37; Somsook
Boonyabanha, 'Land for
Housing the Poor by the
Poor: Experiences from
the Baan Mankong National
Slum Upgrading Programme
in Thailand', *Environment
and Urbanization* 21, no. 2
(2009): 309-30.

low-income groups. In fact, this is now *the* dominant form of housing for low-income urban dwellers in much of Asia, Africa, Latin America, and the Caribbean.

In and around cities in India and many other countries, smaller developers are building on cheaper land available outside municipal limits, without the required building permissions yet producing (poor quality) housing that lower income groups can afford.

In high-income countries, there are examples of informal settlements that include clusters of homeless people and refugees but these usually do not constitute a significant proportion of the urban population. Even so, there are large sections of the urban population in many high-income states who are living in poor quality, overcrowded conditions and who struggle to pay the rent. For others, there is no alternative other than to live on the street or in distant locations with long, time-consuming and expensive journeys to and from work. **What almost all countries have in common is therefore a significant proportion of their urban population which is unable to afford good-quality, secure housing.**

Housing conditions and affordability in OECD countries

The OECD has drawn on member governments to provide a greater range and depth of housing indicators that can be compared. Two key housing statistics:

- An increase in housing costs relative to other costs: the OECD average share of housing-related expenditure within total expenditure increased from 20.3% in 2000 to 22.9% in 2013;
- In European OECD countries, 36% of residents report feeling “heavily burdened” by the cost of housing.

The OECD’s Affordable Housing Database is a valuable source of information on housing conditions, costs, trends and policies and also provides information on housing tenure, housing allowances, affordable and social housing, and housing policies. It therefore includes a lot of detailed housing-related statistics, each covering most, or nearly all, the OECD member states, and also a few, European, non-member countries. However, one limitation in relation to this Report is that most of these statistics are for whole countries, with no disaggregation into their respective rural and urban realities, or for individual cities. However, focusing only on national statistics hides the (often very large) differences between cities and other districts. The OECD also circulated a Questionnaire on Affordable and Social Housing, in 2016, whose findings compared and contrasted housing challenges and policies in its member countries. This section and a later section on housing policies present summaries of the information obtained from these sources.

The geographic coverage of this survey was obviously restricted to OECD member countries (29 responded to the questionnaire) which were almost all high-income states (with the main exceptions being oil-rich countries in the Middle East) and European countries, plus Canada, the USA, Australia, and New Zealand. The only OECD member countries in Asia are Japan, Turkey and South Korea, while in Latin America, only Chile and Mexico are OECD members. The organization has no African member states. The findings from this questionnaire give us a quite detailed insight into housing issues in high-income states. It is interesting that the database does not, however, include data on the provision of water. This is perhaps because this is no longer considered a concern in most

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What almost all countries have in common is therefore a significant proportion of their urban population which is unable to afford good-quality, secure housing.

OECD countries, as almost all of their populations already have good quality supplies. It is also worth noting that within most OECD states, the debate on housing issues and challenges focuses as much or more on affordability than on physical conditions.

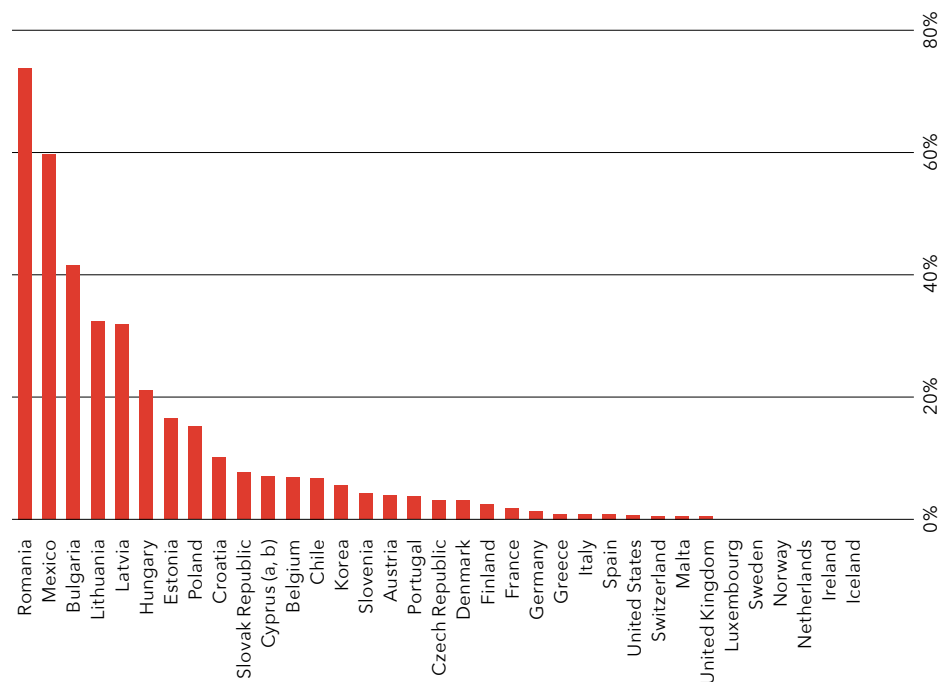
On average, 15% of households in the OECD are living in an overcrowded dwelling.¹⁹ The percentage is highest in Italy and Greece (24%), Mexico (44%), Hungary (45%) and Poland (45%). Unsurprisingly, overcrowding is more common among poorer households and in rental dwellings than in owner-occupied ones. Among the 29 countries, the share of overcrowded households in the bottom quintile was above 40 percent in four nations (Romania, Hungary, Mexico and Poland) and, by contrast, below 5 in 5 nations (Japan, Malta, Cyprus, Ireland and South Korea). Most high-income nations had between 5 and 15 percent of their low-income population in overcrowded dwellings.

Regarding sanitation, the vast majority of households in OECD countries have their own flushing toilet. In most countries, this is also true for low-income households, albeit with some notable exceptions (see Figure 1). We must remember that these are national data (including both rural and urban populations); households lacking their own flushing toilet may be concentrated in rural areas.

19 A household is considered overcrowded if it does not have at its disposal a minimum number of rooms equal to: one room for the household; one room per adult couple in the household; one room for each single person aged 18 and over; one room per pair of single persons of the same sex between 12 and 17 years of age; one room for each single person between 12 and 17 years of age and not included in the previous category; one room per pair of children under 12 years of age.

Source: OECD Affordable Housing Database, accessible at: <http://www.oecd.org/social/affordable-housing-database.htm>

Figure 1: Share of the low-income households without their own flushing toilet, 2014 or latest year available



Housing-related expenditure constituted the single greatest household expenditure item in OECD countries in 2013, representing, on average, 22.9% of final household consumption expenditure. This was followed by food and non-alcoholic beverages (14.1%) and transport (13%).

The relative importance of housing-related expenditure within total consumer spending increased over the past decade in most OECD countries: the OECD average share of housing-related expenditure increased from 20.3% in 2000 to 22.9% in 2013.

The median burden of rent payments for tenant households was highest in Norway (32.1%) and lowest in Central and Eastern European countries, Ireland and Malta (below 20%).

In most OECD countries, low-income tenant households faced median housing costs of between 20% and 45% of their income. In most countries, a surprisingly high share of the low-income population (defined as those in the bottom quintile of the income distribution) were spending more than 40% of their disposable income on rent at the market price, in the private rental market; this could be referred to as the “rent overburden rate”. Figure 2 shows countries with a high proportion of low-income population spending more than 40% of their disposable income on rent paid to private landlords. In Croatia, Chile, Greece and Spain, this was more than 60%, while was only under 20% in five countries. In most Central and Eastern European countries and Cyprus, in contrast, overburden rates were below 20%.

Figure 2: Share of the low-income population spending more than 40% of disposable income on rent at market prices in the private rental market, 2014

Source: OECD Affordable Housing Database, accessible at: <http://www.oecd.org/social/affordable-housing-database.htm>

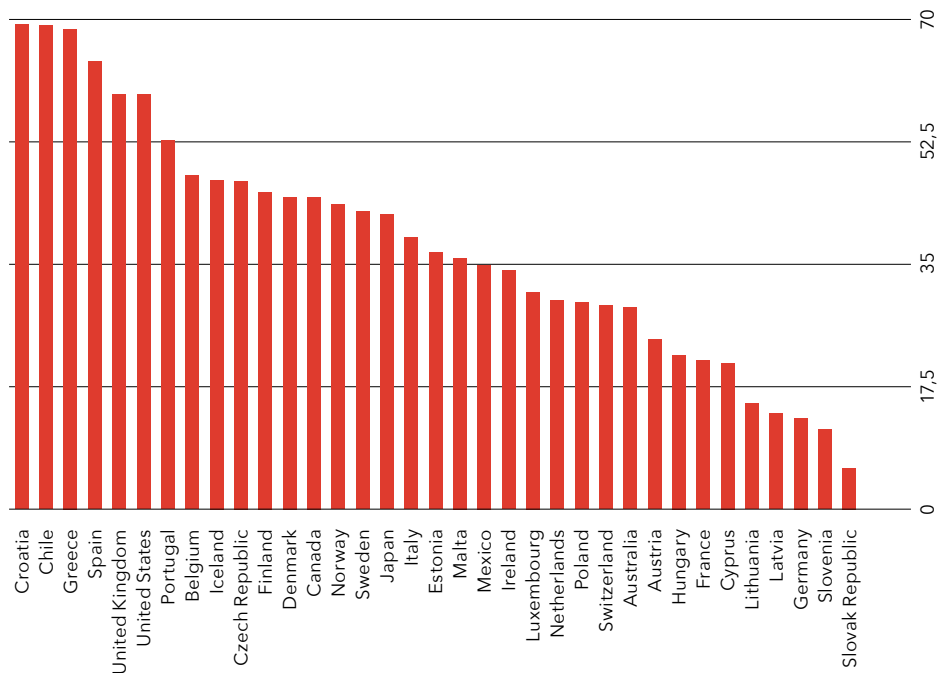


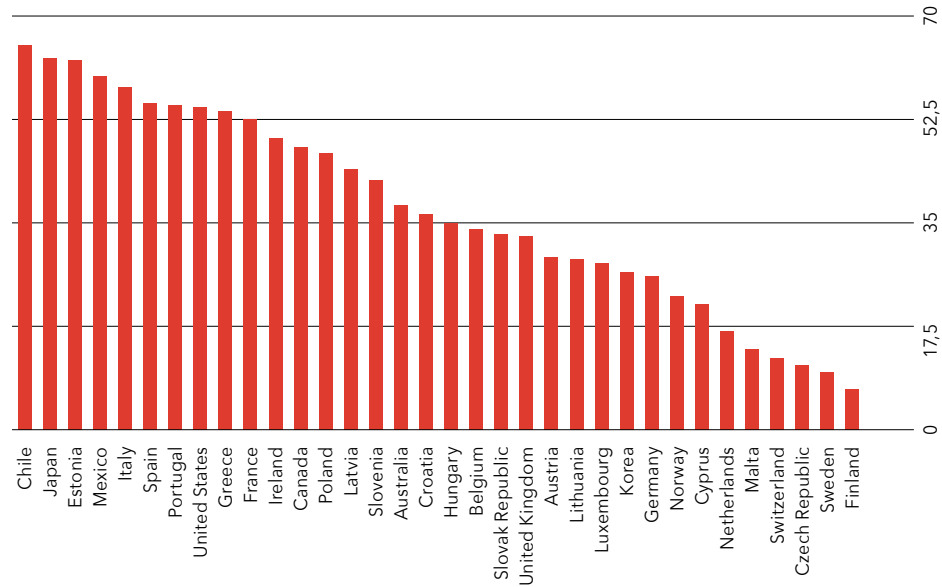
Figure 3 shows the share of the low-income population in countries spending more than 40% of their disposable income on mortgage payments, which could be called the mortgage overburden rate. In many countries, more than half of low-income households are currently spending more than 40% of their disposable income on mortgage repayments.

Mortgage overburden rates vary widely from country to country. They are relatively low in Nordic countries, the Czech Republic, Malta, the Netherlands and Switzerland, but in ten states, more than half the low-income population currently spends more than 40% of its income on mortgage payments.

In most countries, a surprisingly high share of the low-income population (defined as those in the bottom quintile of the income distribution) were spending more than 40% of their disposable income on rent at the market price.

Figure 3: Share of the low-income population using more than 40% of its disposable income to pay for a mortgage

Source: OECD Affordable Housing Database, accessible at: <http://www.oecd.org/social/affordable-housing-database.htm>



20
For more information, see Eurostat, statistics on income and living conditions (SILC): t.ly/d5j06.

Many households in OECD countries feel that housing costs are excessive. In European OECD countries, for example, 36% of residents report feeling “heavily burdened” by the cost of housing.²⁰ This represents a sizeable 18% increase in the share of households that feel heavily burdened since 2007, just before the Great Recession.

1.3

Shared challenges

All city and municipal governments face challenges responding to the housing needs and priorities of those living and/or working within their respective jurisdictions. All housing requires land, finance, building materials and connections to infrastructure and services in places that have access to labour markets. For low-income groups, location in relation to employment is often more important than the quality of housing. In most cities, it is difficult for the low-income workforce, on which the city depends, to find affordable, well-located housing. In most cities, local authorities have a wide range of housing-related responsibilities for which funding is often inadequate. As mentioned earlier, many cities with serious housing shortages also contain large numbers of vacant apartments which are being held as capital investments and which do nothing to meet housing needs.

On top of this, and as was mentioned in the Introduction, there are now new, common challenges: all urban and regional governments need to integrate new measures into their housing policies to adapt to, and where possible mitigate, climate change. Nevertheless, the Second Part will provide more detailed insights on how much climate change adaptation relates to providing better-quality housing, infrastructure and services.

Migrants, Refugees and Displaced People²¹

LRGs may regard migrant flows to their cities negatively, even though the key role of migration in the economic success of cities is a phenomenon that has long been acknowledged. For LRGs with rapidly growing populations, there are also challenges involved with keeping up and expanding the provision of basic services, housing, and land-for-housing options.

Many cities are currently facing a new challenge: the growth in the number of refugees and internally displaced people (IDPs) living within their boundaries. Where these people are housed in camps or settlements run by humanitarian agencies, the costs are usually borne by these agencies. However, **large numbers of refugees and IDPs no longer go to, or stay in, camps and they then become part of city populations. As such, they have needs that are similar to those of the rest of the population with regard to housing, access to basic services, security, and livelihood opportunities.** Most humanitarian agencies were not set up to work outside camps or to provide for these needs. There is therefore a need for municipal authorities to act, but this requires support and resources. Although the majority of the world's refugees and IDPs are now in urban areas, the focus of attention and funding remains on camps. The action of city authorities on the ground also needs to focus on ways that will not create resentment among city populations, many of whose needs are not being met either.

The UN estimates that, around the world, as many as 65.6 million people were forcibly displaced in 2016. By this year, 60% of refugees were living in urban areas rather than in camps. This means that tens of millions of people who are refugees or IDPs have migrated to cities and now fall under the jurisdiction of their local authorities. A paper on Engaging Local Government to Protect Displaced People presented the following summary:

“People displaced into urban areas due to war, persecution, or climatic crisis have claimed an increasingly prominent position in humanitarian operations and research. The vast majority of these are in the ‘cities of the Global South’ proximate to the conflicts and persecution responsible for displacement. Whether they are considered refugees, asylum seekers, or internally displaced persons, once in these cities, displaced people often remain there for extended periods. Yet while the United Nations High Commissioner for Refugees (UNHCR) and others have accepted responsibility for promoting protection and human security in urban environments, humanitarians have struggled to find ways of doing so that are affordable, effective, and sustainable. In an era of increasing decentralization, the first step toward improving protection and human security for people displaced to urban areas is mobilizing municipal authorities.”

Within cities, refugees and IDPs are often concentrated in informal settlements. There are many factors that lead them to reject life in a camp and move to an urban area. “Refugees settle in urban centres to avoid dependence on rations, boredom, hopelessness, hardships and restrictions that prevail in camps.”²² In the case of Kenya, “refugees move to the city in the hope of finding a sense of community, safety and economic independence. However, in reality, what many actually find is harassment, physical assault and poverty.”²³ “Refugees, especially those living in urban areas, live in fear of getting arrested, detained, reported or returned.”²⁴

21

This section draws heavily on Loren Landau et al., ‘Becoming Urban Humanitarians: Engaging Local Government to Protect Displaced People’, 2016.

22

Kofi Kobia and Leilla Cranfield, ‘Literature Review: Urban Refugees’, 2009.

23

Sara Pavanello, Samir Elhawy, and Sara Pantuliano, ‘Hidden and Exposed: Urban Refugees in Nairobi, Kenya’, HPG Working Paper (London, 2010).

24

African Centre for Migration & Society, University of the Witwatersrand, and Samuel Hall, ‘Free and Safe Movement in East Africa: Research to Promote People’s Safe and Unencumbered Movement across International Borders’, 2018.

A study of displaced people in seven countries noted that in several cities “the refusal of municipal or central authorities to accept the long-term presence of displaced populations has presented a major challenge to their ability to integrate into the social and economic life of the city, and has entrenched patterns of underinvestment in city infrastructure, ultimately compromising urban development itself.”²⁵

25
Simone Haysom, ‘Sanctuary in the City? Urban Displacement and Vulnerability’ (London, 2013).

26
For details, see: UNHCR Kenya (2018), Registered refugees and asylum-seekers as of 30 November 2018 at t.ly/d5jMY.

27
Interview by C.W. Kihato with Humanitarian Reporting Officer, OCHA, February 2015, Nairobi, cited in Landau et al., ‘Becoming Urban Humanitarians: Engaging Local Government to Protect Displaced People’.

28
Also see: UNHCR Kenya (2018), Registered refugees and asylum-seekers as of 30 November 2018 at t.ly/d5jMY.

29
Landau et al., ‘Becoming Urban Humanitarians: Engaging Local Government to Protect Displaced People’.

30
Landau et al., 3.

31
Haysom, ‘Sanctuary in the City? Urban Displacement and Vulnerability’.

32
International Rescue Committee, ‘From Response to Resilience Working with Cities and City Plans to Address Urban Displacement: Lessons from Amman and Kampala’, *International Rescue Committee (IRC)* (London, 2017).

Reliable data on refugees and IDPs is scarce for most cities. In Kenya, a 2018 UNHCR report suggested that there were 74,845 registered refugees and asylum seekers in the country, of whom 69,996 were registered in Nairobi.²⁶ No data were available on the number of internally displaced people.²⁷ In Ethiopia, most of its 905,831 refugees are camp-based but some 23,000 refugees are currently living in the capital²⁸ and the Amman Municipality hosts around 195,000 refugees.

In December 2014, South Africa hosted 112,192 refugees and 463,940 asylum seekers, but no information was provided as to how these people were distributed among cities. South Africa is somewhat exceptional in that it has no purpose-built refugee camps but instead relies on a protection programme premised on temporary, local integration.²⁹

The fact that LRGs and other municipal actors have key roles to play in addressing refugee/IDP needs is only slowly being acknowledged in international circles. In December 2018, the UN Refugee Agency, UNHCR, held its annual ‘Protection Dialogue’ on the theme of urban refugees. It invited mayors from refugee-hosting cities in Europe, the Americas, Africa and Asia to present their experiences of providing a safe, welcoming, environment for displaced people. At the meeting, the UN High Commissioner for Refugees asked: ‘why haven’t we met before?’.

What are less evident, however, are the specific measures being taken to support and help fund LRGs (and obtain support for these initiatives from national governments). This also requires changes in policy, and not simply passing new responsibilities to local governments without giving them the means with which to address the problems. While the legal rights and protection of urban refugees are important and must be a focus for humanitarian agencies, “local governance and service delivery practices may matter more on a day-to-day basis, in fostering positive outcomes for refugees and other displaced people in urban areas.”³⁰ “Having the right legislation in place may not be as important as positive acceptance of a population’s presence and the proactive provision of services to meet urban growth.”³¹

Municipal authorities’ facilitation of access to housing and services and protection for these groups are critical, and yet little is known about the conditions and potential catalysts that would allow for this to happen. Some municipalities affected by large displaced populations are also suffering from fragility and conflict and the breakdown of normal government services.

City governments may be “willing partners looking for expertise or support to manage an arrival of new city residents while maintaining – or even strengthening – continuity and reach of public service delivery channels.”³² The question remains, however, as to what can produce this kind of positive engagement, what kind of incentives and strategies can be used to change negative attitudes towards those who have been displaced, and how it is possible to encourage host states to enable the displaced to enter their local economies and (ideally) use their public services.

There are also the questions of what documentation refugees need in order to be able to access services and work opportunities and to live outside refugee camps, how easily this should be to acquire and how effective it should be, once acquired. Then there is the issue of how refugees and IDPs are perceived, “People moving into cities due to war or persecution are, by definition, ‘displaced’, but this status does not define them. [They] are also parents, traders, students, clients, service providers, consumers and potential investors. As such, their daily lives and economic impacts on cities are shaped by policies and practices that intersect with but are not framed by protection or migration concerns.”³³

33
Landau et al., ‘Becoming Urban Humanitarians: Engaging Local Government to Protect Displaced People’.

Rethinking roles for LRGs in housing

Section 3 – Part 1 and the Second Part of this Report present many examples of LRGs that have developed innovative and effective responses to housing problems. These include many successful partnerships with the inhabitants of informal settlements and their organizations to improve existing housing and build new units. Most of the housing in these informal settlements is sub-standard. Even so, this also represents an enormous investment of resources and ingenuity by the local residents who face severe constraints such as the (often absolute) lack of availability of land, accessible finance, technical support, and supportive policies. Housing conditions would be much worse without these informal solutions. These informal settlements also house many of the low-income workers and service providers on whom all city economies depend. **In most cities, the urban poor provide the largest, most efficient, most economical and most effective housing delivery systems and there are numerous examples that show how the scale of their work can be increased through partnerships with local authorities.**

At the centre of this rethink lies recognition of the key role that LRGs can play in housing. Even if they do not necessarily provide it themselves, they can influence the supply and cost of land for housing (including extending infrastructure and services to it). They also influence housing costs through (often inappropriate) building and land use regulations, which can be changed. There may also be other ways of reducing housing costs, such as by reducing transaction costs for those buying, selling and registering land ownership or by supporting housing finance systems that serve low-income households (for instance loans for upgrading or extending their self-built homes).

There is also the issue that if housing prices are high relative to incomes, lower-middle and even middle-income groups compete with low-income groups for housing. Much of what is suggested above will comprise benefits that extend beyond low-income groups. As the measures above increase the supply and reduce the cost of land-for-housing, housing, infrastructure and housing finance, the scope for middle-income groups to afford to buy or build formal housing is increased. Moreover, more competition in rental markets that should moderate price increases.

We have also highlighted the high proportion of the population in most cities in the Global South living in informal settlements. A large section of this population have employment and incomes that certainly mean they are not low-income. These should have formal housing options that they want and can afford that do not cost more than three times their annual income.

Housing conditions would be much worse without these informal solutions. These informal settlements also house many of the low-income workers and service providers on whom all city economies depend.

Local governments are the level of government that directly interfaces with residents over housing issues. They can support responses tailored to particular local problems (including local informal settlements) in ways that higher levels of government cannot. LRGs are also better placed to engage with and involve households in informal settlements in planning and retrofitting urban expansions. Through LRGs, inhabitants can access sustained and institutionalized technical support and funding for construction improvements. Going beyond the “one-shot” housing project to crafting a genuine local housing policy.

LRGs that can increase the supply and reduce the cost of land-for-housing can support increased roles for the private sector, as well as social housing authorities and community-driven initiatives. One approach to this is a public agency that acquires or buys land, services it and sells it to private developers at cost so the supply of serviced housing plots is increased, the role of developers supported – with the public agency recouping all its costs.



2

The Multiple Roles of Housing

The key issues in this section concern the different ways in which housing can be viewed and the extent to which the way we choose to view housing influences what are seen as the roles and responsibilities of local and regional governments (LRGs). LRGs often play only minor roles in national housing policies and programmes, yet they can have a great influence on housing conditions and on the scale and nature of new constructions within their respective jurisdictions. As discussed in the Second Part, many of the most effective housing policies have resulted from collaborations between national/federal, state/provincial and city/municipal levels of government.

Through LRGs, inhabitants can access sustained and institutionalized technical support and funding for construction improvements. Going beyond the “one-shot” housing project to crafting a genuine local housing policy.

Housing is usually considered ‘adequate’ when it is safe and legal. It therefore follows that if there is a shortage of formal (adequate) housing, this could be remedied through large-scale public housing programmes. However, if the adequacy of a particular housing unit also includes providing a good location in relation to employment, connections to basic infrastructure networks (such as piped water, sewers, drains, roads, and electricity supplies) and access to services, then the common government response of providing funding for (often poor quality) public housing constructed in peripheral locations that lack services is not the appropriate response.

There is also the issue of the role that LRGs should play in housing. They may play only a relatively minor role in public housing construction unless they receive specific funds from central or regional government. However, they usually have many responsibilities for other aspects of housing, such as applying building codes and planning regulations, providing permits for buildings, managing land use (urban land registers, the sub-division of land, issuing titles, etc.), providing services, and expanding infrastructure. As explained in this Report, local governments can use these responsibilities to boost the supply, and reduce the cost, of newly serviced plots and housing and thereby support the process of upgrading existing housing.

2.1

Housing as a provider of services ³⁴

It is easy to underestimate the importance of housing for sustainable development.³⁵ In part, this is because housing lies at the centre of so many needs; it not only provides good quality, secure, affordable accommodation, but also access to regular and safe piped-water supplies, good quality sanitation, household waste collection and electricity. Other key housing needs include a safe and healthy neighbourhood environment, public space, and access to labour markets and public services (health care, emergency services and easily accessed affordable public transport). Housing is usually the first line of defence in protecting residents, their possessions, and assets against crime and extreme weather. All of these aspects of housing make key contributions to guaranteeing good health and a good quality of life.

For many low-income urban dwellers, their home is also their workplace and/or an essential part of their livelihood (e.g. street vendors who sell food items prepared in their home, or families sorting waste in their homes). Housing may also provide collateral for loans (although proof of a formal job and regular wage is usually more important). Housing itself may be an income earner, through renting or subletting part of the house or plot, such as backyard shacks.

³⁴ This section draws on David Satterthwaite, ‘The Many Roles of Housing and the Many Services It Should Provide’, *Environment and Urbanization* 32, no. 1 (2020).

Housing is, however, also much more than all of this. It provides (or should provide) its occupants with a legal address, proof of which is often needed to fight against eviction or to get onto the voters' register, or to gain access to government schools and other services and entitlements (including social protection, subsidized food and pensions).

Table 5 is a reminder of just how many needs housing is meant to meet. It is also through meeting housing needs that so many other needs are met (and SDGs met too). Out of 33 services provided to individuals and households by good housing/ house location only 7 are supplied directly by the house structure itself. Most of the rest are from infrastructure or services that should be supplied to each house (e.g. piped water, sewers) or its neighbourhood (schools, health care, public transport, policing...)

35
Although the SDGs have goals that are relevant to all countries, the contexts within which solutions must be found are very different. This Report focuses more on urban areas in low- and middle-income countries where many of the challenges for housing policy are most acute. But it also recognizes that there are critical housing issues in high-income nations and in rural areas that are inadequately or not covered here.

Table 5: Services that housing should provide for occupants

In a-house/flat/shack	
A safe structure that provides protection from extreme weather and from crime	Documentary proof of legal tenure (for the owner); when rented out, it is also the basis for a legal contract for the tenant
Access to toilet, bathroom and kitchen facilities including provision for (grey) wastewater removal; in some contexts, this may be provided on the same plot but not in the house itself (e.g. outdoor cooking facilities, pit latrines on a plot separate from house)	Delivered to the neighbourhood
Privacy	A piped-water network serving plots or convenient kiosks
Sufficient living space: in most cultures this requires separate sleeping spaces for adults, male children and female children.	A neighbourhood-wide sewer system to which households can connect
Electricity	Connection to a larger drainage system
Accommodation providing all the above at an affordable cost	Public lighting
Delivered to the house/plot	Policing/rule of law
Access roads /paths serving each plot that enable safe movement throughout the year	Good access to public transport
A regular and safe piped-water supply to each plot	Recreation facilities (including public spaces/parks)
A sewer connection or some other form of provision for sanitation (including latrine/septic tank emptying)	Community public spaces (including parks, small markets, faith-based activities, meeting rooms)
Drainage	A location with good access to the local labour markets
Connection to the electricity grid	House location within the larger city
Regular solid waste collection	Good access to high-quality public transport
Emergency services when needed (fire service, ambulance access)	A good location for access to employment/labour markets...
Linked to the house:	Local government (what residents expect from the local government in addition to most of the above)
A legal address: in most countries, this is required to get on the voters' register and to receive postal services; it is also necessary for gaining access to public services (pre-schools and schools, health care) and entitlements (e.g. ration card in India; social protection measures). It is also a key defence against eviction.	Security from forced eviction
	An inclusive upgrading strategy
	Support for informal and formal tenants who are at risk
	Support for the provision of city-wide basic services to all formal and informal areas

Investment in/capacity for disaster risk reduction that is also mindful of the impact of climate change; this includes building resilience in housing, infrastructure and services in informal settlements and working with their inhabitants to this end

National government

(what residents expect from the national government)

Support for secure tenure (and land information systems to support this)

A land title policy that helps households to get tenure but does not individualize all areas

Investment in bulk services

Support for local government to fulfil its multiple roles in relation to housing

↑

Source: Developed from Table 10.11 in Rojas, Eduardo "Housing Policies and Urban Development: Lessons from the Latin American Experience, 1960-2010" in McCarthy, George W., Gregory K. Ingram, and Samuel A. Moody, eds. *Land and the City*. Cambridge, MA, 2016 (pages 301-356), accessible at: https://www.lincolinst.edu/sites/default/files/pubfiles/land-and-the-city-full_0.pdf

36
SPARC, "We the Invisible"; a Census of Pavement Dwellers', 1985.

37
More information available at: t.ly/0DqJ3.

Housing costs and trade-offs

In choosing where to live in a city, and under what terms (e.g. tenant, owner occupier, squatter), individuals and households make choices based on multiple needs and preferences which are balanced against what is available and what can be afforded. While no-one looking for accommodation evaluates their housing possibilities by going through the complete list presented in Table 5, they do look at how well different housing options perform as service providers (e.g. access to schools) and for providing access to the labour market. This can be seen in all cities; for instance, individuals and households look for housing in locations with good access to employment, shops/markets, schools and parks, and public transport.

Hence, **housing policies also need to respond to the fact that every individual, or household, has their own set of priorities and possibilities.** Almost everyone will be making choices based on their preferences and will have to make a trade-off between what is on offer and what can be afforded. One great advantage of having a higher income is having a greater range of housing choices and having to make fewer trade-offs. What we see in a city are the (formal and informal) housing markets that are the outcome of these choices and trade-offs. There can be some extreme examples when incomes are very low, for example the pavement dwellers of Mumbai, many of whom have been living on pavements for decades.³⁶ This reflects their need to be close to income-earning opportunities but also the fact that their incomes are too low for them to afford anything better or even the transport costs that could allow them to live in more distant, but affordable, accommodation. Individuals who rent beds by the hour in dormitories do so either because it is all they can afford which is close to income earning opportunities or because they want/need to minimize their expenses to allow more of their income to be channelled back to their families. Households often move out of informal settlements to rent very small, one or two-room, legal flats because these are seen as safe from evictions and a little better than renting in informal settlements. Construction workers and their families often sleep on building sites, while some other employees sleep at their work premises. In San Francisco, many homeless people sleep in their cars.³⁷ These different (and highly inadequate) forms of housing exist because they are affordable (or because they serve groups that cannot afford to make any form of payment for housing).

These extreme examples are also a reminder of how different groups within low-income populations who need accommodation have different priorities and preferred trade-offs. For instance, the accommodation priorities of students will generally be very different from those of low-level public employees who, in turn, have different priorities from families with children, day labourers, street vendors, domestic workers, low-income older people (with no/low/falling pensions),

seasonal or circular migrants, or temporary residents with low incomes, who often seek to minimize what they spend on housing. Then there are the needs of groups that face discrimination when accessing housing or trying to find land on which to build or to source credit (who are often women and members of particular ethnic groups). One of the most important issues for housing policy is therefore how to make housing markets work better for such diverse needs. This is something that public housing often fails to achieve.

The text on housing costs and on the trade-offs that low income groups make to get accommodation is relevant to cities in the Global North as well as the Global South. As discussed in Section 1 – Part 1, there are many examples of low-income groups living in housing that does not meet their needs in the Global North, as well as those who find great difficulties affording to pay rent. However, care is needed when drawing comparisons. There are dramatic differences in the quality and legality of housing and basic services available to low and often middle-income groups. For instance, in cities in the Global North, there is universal, or almost universal, provision of piped-water to homes, good sanitation and drainage, solid waste collection and electricity, so someone seeking accommodation can expect to find these in all housing options. In the Global North, almost all such options will be accompanied by legal addresses, which means that they will also come with postal services and incorporation into voter registers. A range of services are therefore associated with all of these housing options.

This should be compared with the billion or so people living in informal settlements who have had to make choices and trade-offs for housing that mean that they do not have most of the housing-related services listed in table 5 or legal tenure. The most serious housing-related health risks that they face, which are summarized in Table 6, are either non-existent or much less evident in the Global North, as is the risk of premature death and serious illness or injury.

Severe housing deprivation and homelessness

It has been recognized that **more detailed and wide-ranging data on housing conditions is needed in order for cities to guide their housing policies and address severe housing deprivation and homelessness**. However, measuring housing conditions is complex because, as Table 5 makes clear, there are so many aspects to consider: space per person, quality of dwelling, safe site, tenure, price, provision of water, sanitation, drainage, electricity, solid waste collection, public space, access to labour markets, schools and health care, etc. Furthermore, several indicators are needed to assess most of these factors. For sanitation, for example, indicators are needed to indicate whether or not it is accessible/on the premises, affordable, hygienic (with provision for washing) and/or includes the safe removal and management of toilet waste products.

Making rigorous comparisons of housing conditions between different countries is an even more complex task because there is no agreed list of indicators (and definitions) and many countries have only very limited available data, if any. What is used to compare housing conditions is therefore limited to what indicators are available, or as with the OECD data, to member governments agreeing to collect and share data.

The OECD Affordable Housing database³⁸ includes a section on measuring severe housing deprivation. It notes that households may be deprived of quality housing in more than one dimension. Having too little space may coincide with a lack of basic sanitary facilities and a leaking roof, and/or other hous-

38
See the OECD's Affordable Housing Database at: bit.ly/33RF0kn.

ing quality issues. In its most extreme form, housing deprivation becomes homelessness.

Box 4 lists the indicators that are associated with severe housing deprivation according to the European Union. In the majority of OECD countries, severe housing deprivation rates are very low, regardless of income. Severe housing deprivation affects over 10% of the population in Romania and Mexico, and more than 40% of the low-income population (those in the bottom quintile) in Bulgaria, Latvia, Hungary, Lithuania and Poland, where more than 5% of the low-income population also experience severe housing deprivation. Guaranteeing good housing quality is a particularly common challenge in post-socialist countries, where much of the (often low-quality) housing stock was privatised after the disintegration of the USSR and the Eastern Bloc.

Source: OECD Affordable Housing Database, accessible at: <https://www.oecd.org/els/family/HC2-3-Severe-housing-deprivation.pdf>

Box 4: European union indicators on (severe) housing deprivation

Housing deprivation is characterized by a dwelling suffering at least one of the following conditions:

- a leaking roof, damp walls, floors or foundations, or rot in window frames or floors;
- neither a bath nor a shower;
- no flushing toilet for exclusive use by the household;
- the dwelling is too dark; and/or
- there is neither a bath, nor a shower, nor an indoor flushing toilet.

Severe housing deprivation is defined as any of the above circumstances occurring in an overcrowded dwelling.

In the OECD member states, most of the cases of severely deprived population correspond to people living in rural areas. However, if this definition of severe housing deprivation were to be applied in the Global South, in many cities, a very large proportion of their total population would be classified as severely deprived. The European Union's set of indicators, outlined in Box 4, would not be appropriate for urban populations in the Global South as its list of housing deprivations would be incomplete: there is no mention of water supply, structural safety, tenure, access to electricity, or access to roads, etc.

There is no internationally agreed definition of homelessness and no data on homelessness available for many countries. Box 5 offers a definition that reflects the diversity of different groups that are, or could be, regarded as homeless. Many national government statistics on homelessness do not, however, include many of these categories.

Box 5: Who is homeless?

- People living rough, in the streets or in public spaces, without a form of shelter that could be defined as constituting living quarters
- People in emergency accommodation: people with no habitual place of residence, who frequently move around between various different types of accommodation

- People living in accommodation for the homeless, including: Homeless Hostels; temporary accommodation; Transitional Supported Accommodation; Women’s shelter or refuge accommodation
- People living in institutions, including: those who stay longer than necessary in health institutions due to lack of housing; and people in penal institutions with no housing available to them prior to release
- People living in non-conventional dwellings due to a lack of housing: accommodation consisting of mobile homes, non-conventional buildings, or temporary structures, used due to a lack of housing, but not as a usual place of residence
- People living temporarily in conventional housing with family or friends due to a lack of housing
- Other cases: elements linked to the person’s living conditions or status, but not included above, according to which he/she is counted as homeless

Source: The European Federation of National Organisations Working with the Homeless (FEANTSA)

Within the OECD study, homelessness counts in most countries include rough sleepers, people living in accommodation for the homeless and emergency temporary accommodation. However, definitions of other forms or aspects of homelessness vary from country to country. In all of the countries covered by this research, less than 1% of the population was reported as homeless. This can, however, be misleading, as homelessness tends to be concentrated at certain locations and because the figures for homeless people do not include many of the above categories.

In cities in the Global South, those living in informal settlements may be considered, and classified, as homeless when they are “People living in non-conventional dwellings due to a lack of housing”. Based on this criterion, the proportion of homeless people often comes out as very high. Section 1 – Part 1 noted how many cities have a third, or more, of their entire population living in informal settlements. This raises the question of whether they should be classified as homeless.

Are individuals who rent a bed within a poor quality dormitory homeless? Are migrants living in tents on the periphery of a city with very poor service provision homeless? Are pavement dwellers who homeless? Are construction workers who sleep on the building sites on which they are working, homeless? Here we return to one of the key themes of this Report: the need to shift attention from having better national statistics to the statistics that cities and city districts need to have in order to understand the problems that are present within their jurisdictions and to act on them. Addressing homelessness first needs strong and detailed local data that reflect local contexts and help identify the most effective local responses.

Housing and health

The importance of good quality housing for health is obvious and it should include not only protection from disease and injury but also contributions to well-being. It is, however, surprisingly difficult to measure ‘healthy houses’ given that there are so many social, economic and political factors that, directly or indirectly, influence each individual’s health. A review of Table 5, on the services that housing should provide for its occupants, and Table 6, which summarizes the health risks linked to adequate

Source: Developed from Hardoy, Jorge E., and David Satterthwaite. 'Housing and Health: Do Architects and Planners Have a Role?' *Cities* 4, no. 3 (1987): 221-35.



housing, shows the tremendous importance of LRGs for establishing healthy homes, neighbourhoods and cities. This is especially true if the provision of water, sanitation, drainage and waste management are seen as housing issues, which of course they are, even if this is often forgotten. Occupational health and safety issues also become housing issues for large sections of the urban populations who are home-based workers (and mostly women).

Table 6: The health risks associated with inadequate housing

Water, Sanitation, Drainage and Rubbish Collection

Contaminated water is associated with diseases such as: typhoid, hepatitis, dysentery, diarrhoea, and cholera etc.

Inadequate disposal of human waste can result in pathogens from excreta contaminating food, water and/or fingers, leading to faecal-oral diseases or intestinal worms (e.g. hookworm, roundworm, tapeworm, schistosomiasis).

Wastewater and rubbish can be associated with: waterlogged soils, which are ideal for the transmission of diseases such as hookworm; and pools of contaminated standing water, which may convey enteric diseases. Wastewater can provide a breeding ground for mosquitoes that spread filariasis, malaria and other diseases. Rubbish may attract other vectors of disease.

Insufficient water for domestic hygiene is linked to diarrhoeal diseases, eye infections (including trachoma), skin diseases, scabies, lice, and fleas.

House Structure

Disease vectors and/or parasites in the house structure with access to the occupants, food or water e.g. rats, cockroaches, mosquitoes or other insects (carrying diseases including dengue fever and, in Latin America, Chagas disease). Lack of screens or other protection from insect disease vectors.

Inadequate sized housing and poor ventilation - help the transmission of diseases such as TB, influenza and meningitis, especially when many households share the same premises. Risks of household accidents are increased by overcrowding; it is impossible to safeguard children from open fires, stoves and kerosene lamps and from bleach or other dangerous household chemicals. Household materials and lack of ventilation drive up room temperatures during hot weather. Home-based livelihoods also bring these risks to the workplace (see below).

Air Pollution

Indoor air pollution due to open fires or poorly designed stoves and smoky fuels. These cause, or exacerbate, respiratory illnesses, especially in women and children.

Outdoor air pollution.

Housing Sites

Children exposed to environmental hazards, by playing in and around the housing site and being constantly exposed to hazards from traffic, unsafe sites (e.g. slopes, open drains, construction sites) and/or sites contaminated with pollutants or faeces.

Housing sites subject to landslides or floods as a result of no other land being affordable to lower-income groups. Many houses and personal effects are also often damaged or destroyed by extreme weather. Climate change is likely to exacerbate the intensity of storms, floods and high winds.

Unlawful occupation of housing sites subdivisions with disincentives to upgrade because of the risk of eviction. Lack of services and mental stress from fear of eviction.

Health Services

No, or inadequate, access to curative/preventive health care and advice.

No provision for emergency lifesaving services in the event of serious injury or illness.

Occupational Health and Safety

Many low-income households have one, or more, member working from home (perhaps using dangerous chemicals or machinery) or using the home for part of their livelihood - e.g. for preparing food for sale as a street vendor. They will therefore be exposed to the same range of health risks as residents. A lack of piped water, waste removal, and electricity also constrain their livelihoods.

Disaster Risk and Climate Change

The impact of extreme weather events and other hazards, such as earthquakes, on houses and residential areas is closely linked to the quality of the buildings and to the presence/absence of risk reducing infrastructure and the extent of preparedness. It is necessary to ensure that structures and systems are resilient. Climate change is increasing the intensity and frequency of extreme weather and often drives other changes, such as water shortages; these need to be factored into city management.

Housing as a right

As discussed above, housing can be viewed as a provider or facilitator of many services within a recognition that each individual or household will have their own particular needs, preferences and trade-offs. This includes the role of housing in providing a legal address and often getting on the voter register. So how do rights come into this?

This presents us with a rather an odd paradox. On the one hand, housing is seen as a fundamental need that everyone has – and by many as a right. On the other, it is viewed as a commodity that can be bought, sold or rented where it is demand/capacity to pay not need or right that determines access.

The recognition that housing should be a right seems to be increasing. This is driven in part by the scale of housing need - as so many people live in housing where their human right to what the Universal Declaration on Human Rights deemed “a standard of living adequate for the health and well-being ...including ...housing” is not met. The emphasis on housing as a human right has also gained more attention from development specialists looking for ways to bring pressure on governments to address housing issues.³⁹ This traction is strongly reflected in the Sustainable Development Goals, and particularly in Goal 11.1, which calls for “ensuring access for all to adequate, safe and affordable housing and basic services and upgrade slums by 2030.”

There are two significant changes in how housing is viewed. The first is greater attention to ‘adequate’ housing, where the definition made of ‘adequate’ helped make clear the different roles of housing. As noted in the UN Global Strategy for Shelter to the Year 2000, published in 1988: “Adequate shelter means more than a roof over one’s head: It means adequate privacy, adequate space, adequate security, adequate lighting and ventilation, adequate basic infrastructure and adequate location with regard to work and basic facilities - all at a reasonable cost.”⁴⁰

The second change in how housing is seen entails that housing is viewed as the means to access many other rights such as good quality water, sanitation and education. The many roles housing plays or should play in meeting needs that have long been recognized, emphasizes how individuals and households have the right to make choices about the housing they purchase, build or rent.⁴¹ Thus, the right to adequate housing has to include different aspects of housing.⁴² The General Comment No:4 adopted by the UN Committee on Economic, Social and Cultural Rights in 1991 defined such dimensions as:

a. Legal security of tenure: “all persons should possess a degree of security of tenure which guarantees legal protection against forced eviction, harassment and other threats” including “those in rental (public and private) accommodation, cooperative housing, leases, owner-occupation, emergency housing and informal settlements, including occupation of land or property”.

b. Availability of services, materials, facilities and infrastructure including “sustainable access to natural and common resources, safe drinking water, energy for cooking, heating and lighting, sanitation and washing facilities, means of food storage, refuse disposal, site drainage and emergency services”.

c. Affordability so that “the attainment and satisfaction of other basic needs are not threatened or compromised. Steps should be taken by States parties to ensure that the percentage of housing-related costs is, in general, commensurate with

39
Scott Leckie, ‘Housing as a Human Right’, *Environment and Urbanization* 1, no. 2 (1989): 90-108.

40
UN-Habitat, ‘The Global Strategy for Shelter to the Year 2000’ (Nairobi, 1990), 13.

41
John F. C. Turner, ‘Housing By People - Towards Autonomy in Building Environments’, 1976.

42 OHCHR, ‘Fact Sheet No. 21, The Human Right to Adequate Housing’, 2009.

income levels.” The state is seen as important for measures to make housing more affordable and to protect tenants against unreasonable rent levels or rent increases.

d. Habitability: including “providing the inhabitants with adequate space and protecting them from cold, damp, heat, rain, wind or other threats to health, structural hazards, and disease vectors. The physical safety of occupants must be guaranteed as well.”

e. Accessibility: making adequate housing accessible to disadvantaged groups including the elderly, children, the physically disabled, those with serious persistent health problems, victims of natural disasters, etc.

f. Location: adequate housing must be in a location which allows access to employment options, health-care services, schools, childcare centres and other social facilities. Housing should not be built on polluted sites nor in immediate proximity to pollution sources that threaten the right to health of the inhabitants;

g. Cultural adequacy. The way housing is constructed, the building materials used and the policies supporting these must appropriately enable the expression of cultural identity and diversity of housing.

Thus, the right to adequate housing cannot be viewed in isolation from other human rights, including those related to the housing dimensions listed above. It also has important roles in support of other rights such the right to freedom of expression, the right to freedom of association (critical for grassroots organizations) and the right to participate in public decision-making. See also the right not to be subjected to arbitrary or unlawful interference with one’s privacy, family, home or correspondence.⁴³

43
CESCR, ‘General Comment No. 4: The Right to Adequate Housing (Art. 11 (1) of the Covenant)’, 1991.

This changes the debate about housing as a right. It recognizes that housing with these qualities contributes to many other rights. It elevates housing because it is through housing that people get other rights and entitlements (including adequate water, sanitation and electricity). This inclusion of these eight aspects matches most of the services that housing should provide listed in table 5.

More recently, in the New Urban Agenda coming out of Habitat III in 2016, governments committed to “...promoting national, subnational and local housing policies that support the progressive realization of the right to adequate housing for all as a component of the right to an adequate standard of living” and noted that this includes universal access to the range of services including safe and affordable drinking water and sanitation, energy, health, education, mobility and transportation.⁴⁴

44
United Nations, ‘The New Urban Agenda’ (Quito, 2017). Paragraph 31.

Box 6 gives a summary of the key principles of a rights-based housing strategy developed by the UN Special Rapporteur on adequate housing, Leilani Farha and make clear the need to link housing strategies to urban policies and practices on the ground.

Box 6: Key principles of a rights-based housing strategy

Principle 1: The right to adequate housing in all its dimensions should be recognized within housing strategies as a legal right, subject to effective remedies.

Principle 2: Rights-based housing strategies prioritize those most in need and most at risk from disasters and in so doing, ensure greater equality. This includes identifying groups that suffer housing disadvantages and addressing the particular barriers they face.

Principle 3: Rights-based housing strategies must ensure that all dimensions of the right to adequate housing are addressed - in diverse contexts and engaging all levels of government. The UN Committee on Economic, Social and Cultural Rights has defined the right to adequate housing as the right to live in security, peace and dignity and with other aspects of housing including legal security of tenure; affordability; habitability; availability of services; accessibility; location; and cultural adequacy. Each component of housing adequacy gives rise to particular obligations.

Principle 4: Rights-based housing strategies must firmly commit to ensuring meaningful participation of affected persons at every stage, from design to implementation to monitoring. Special attention must be paid to ensuring the participation of vulnerable groups who might not otherwise be able to participate owing to discrimination or marginalization. Local governments have a critical bridging role in supporting participation because they are often best situated to engage directly with local communities and bring their concerns into local governance, inter-governmental negotiations and national strategies.

Principle 5: Accountable budgeting and tax justice are needed to ensure that housing strategies get reasonable budgets to address housing needs. This includes an obligation to secure available resources through reasonable taxation.

Principle 6: Rigorous and realistic human rights-based goals and timelines are required to ensure that housing strategies move as expeditiously as possible toward the goal of adequate housing for all.

Principle 7: Accountability and effective monitoring of the implementation and outcomes of housing strategies is a firm obligation of States.

Principle 8: Rights-based strategies must ensure access to justice and include effective claiming mechanisms that guarantee access to remedies where a violation is found. Such mechanisms can play a vital role in ensuring that housing systems operate inclusively and effectively.

Principle 9: There is a need to clarify the obligations of private actors to rights-based housing strategies and to regulate financial, housing and real estate markets. Since the private sector has a dominant role in the production and provision of housing and related services in most countries, housing strategies are likely to be ineffective if they ignore the significant role of private actors.

Principle 10: While housing strategies are primarily focused on realizing the right to housing within States, many of the challenges they address are global in nature and also require international action. Unprecedented capital flows and the financialization of housing in "global cities" turn housing assets into internationally traded commodities.

This changes the debate about housing as a right. It recognizes that housing with these qualities contributes to many other rights.

Source: this is a summary drawn from text in United Nations Human Rights Council. 'Report of the Special Rapporteur on Adequate Housing as a Component of the Right to an Adequate Standard of Living, and on the Right to Non-Discrimination in This Context', 2018, Human Rights Council Thirty-seventh session 26 February-23 March 2018 Agenda item 3, Jan 15th, A/HRC/37/53

Yet these strong social commitments by national governments, including the recognition of adequate housing as a human right and the need to end discrimination against women in access to housing and basic services (among other things), are made while the role of the state in housing has generally been cut. As an example, an analysis of Egypt's 2014/2015 budget shows that the national government ignored poorer segments of the population when granting the right to decent housing which is set out in Article 78 of the Constitution. In fact, only 2.2% of all of the beneficiaries of Egypt's social housing programme belonged to the lowest-income bracket.⁴⁵

⁴⁵ Yahia Shawkat and Amira Khalil, 'The Built Environment Budget 15/16 | An Analysis of Spatial Justice in Egypt', *The Built Environment Observatory*, 2016.

2.3

Housing as a commodity

Housing is also viewed by many as a commodity that can be bought, sold or rented, with it often being demand or the capacity to pay, rather than need or right, that determines access to it. Housing is viewed as such both by homeowners (for whom housing is usually their most valuable asset) and businesses, including those involved in buying and selling housing. This is hardly new – although it would be interesting to know just how long ago there are examples of cities where buying, selling or renting housing became commonplace. Viewing housing as a commodity provided by the market may be one reason why most aid agencies and development banks have given housing a very low priority (or no support at all) for over 50 years. Alternatively, this could have been because of an assumption that development would produce higher incomes and so formal housing would become more affordable. Whatever the case, there are many examples of cities in which house prices have increased far faster than incomes, and formal housing has become increasingly unaffordable in such cities. The question therefore centres on how housing can be interpreted as a need, a right, or an entitlement that needs to be met for populations that are unable to afford market prices.

Market forces, which include competition for scarce land, can turn housing and land into speculative investments. This, in turn, makes housing unaffordable, even for middle-income as well as low-income groups.

There is another paradox related to housing that successful cities must also address: the fact that legal housing is often too expensive for many members of the low-income workforce and the service providers on whom their economies depend. A legal house or apartment is an expensive good; for almost all homeowners, it is probably the most expensive good that they will ever buy. Housing is particularly expensive in good locations in successful cities. Very few households can afford to pay the full cost of housing and so buyers need to take out loans or mortgages that can be repaid over many years: often 20 or more. This means that the affordability and price of housing are affected by the availability and cost of long-term financing. However, conventional mortgage finance is not available to much of the urban population as they lack regular employment or proof of regular income with which to make their mortgage repayments.

In many cities, the relationship between what people earn and how much they have to pay for housing has changed dramatically. This can be seen in ratios between housing prices and income and effectively means that only the upper-income groups can normally afford legal housing (see Section 3 – Part 1 for more details). Market forces, which include competition for scarce land, can turn housing and land into speculative investments. This, in turn, makes housing unaffordable, even for middle-income as well as low-income groups.

Housing is also a complex good, as it is made up of many components that influence its price. These include the cost of the land plot and obtaining the title to it, construction costs (including obtaining permission to build), mortgage finance, connections to infrastructure and access to services and labour markets. House prices can be inflated by constraints on any of these factors. On the other hand, reducing the price of any of these components may reduce the cost of housing. As explained later, in more detail, in most countries, LRGs play key roles in ensuring that any such constraints are removed or reduced.

Although market forces often lie at the base of the exclusion of many urban dwellers from legal housing (and are thus responsible for the proliferation of informal settlements), **well-governed housing and land markets can bring down house prices and increase the choice available.** Furthermore, and at the

risk of stating the obvious, the higher the proportion of individuals and households who can find adequate accommodation that meets their needs through the market, the lower the proportion who will need assistance. Well-functioning rental markets include homeowners that rent out the accommodation that they own to tenants, with rental accommodation being particularly important for providing affordable accommodation to lower-income groups. There are also many people who prefer to rent; these include those who want to be mobile or who only come to the city to work on a temporary basis. Here again, there are critical roles for local government organizations to play in moderating rents or contributing to rental costs.

Housing and the economy⁴⁶

Housing problems might be expected to concentrate in nations and cities with the lowest per capita incomes and the least economic success. But as documented earlier, many of the cities with very serious housing problems are cities that have had rapid economic growth. Indeed, most of the world's most prosperous cities face enormous challenges in that their house prices are far beyond what much of their workforce (and other residents) can afford. Cities are obviously hugely important for economic success – and for providing the agglomeration economies that benefit firms. This has been questioned, especially for sub-Saharan Africa – but as a World Bank report on this region noted: “The economic growth that has taken place in the past decade derives mainly from urban-based sectors (industry and services), and this is especially true of the better-performing economies.”⁴⁷

Urbanization is certainly linked to economic growth and to structural change in the economy and in labour markets – as seen in how the level of urbanization in a nation over time tracks the growing proportion of its economy (GDP) and labour force in industry and services.⁴⁸ Hence, **urbanization may be supportive of economic growth without being supportive of social development including housing and basic service provision.** In that sense, the assumption that agglomeration economies should benefit city populations through lower costs and increasing the availability of, for instance, water piped to homes, connection to sewers, paved roads and access to other services does not hold true in all cases. The deficiencies in infrastructure and services also increase business costs, reduce productivity and discourage investment.

Most local governments lack the funds and capacities to address the needed investments. **There should be mechanisms through which LRGs benefit from economic growth and gets the support to address housing issues.** There ways in which this can be done will be discussed later in the section on Financing an effective housing policy in Part Two.

Housing construction and improvement have long been recognised as important elements for economic growth and the creation of employment. Housing represents a very large part of each state's gross fixed capital formation. For most countries, housing accounts for a large portion of its GDP, around 30% of its household consumption, and 20–33% of its gross fixed capital formation.⁴⁹ The debate as to whether housing can be a leading economic growth sector has been going on for decades. In fact, it centred one of the key debates at Habitat I, in 1976. What is not in any doubt, however, are the multiple links that housing construction and improvement have with the creation of employment and economic expansion through numerous forward and backward multiplier links.

46
Ivan Turok and Gordon McGranahan, 'Urbanization and Economic Growth: The Arguments and Evidence for Africa and Asia', *Environment and Urbanization* 25, no. 2 (2013): 465–82.

47
Christine Kessides, 'The Urban Transition in Sub-Saharan Africa: Implications for Economic Growth and Poverty Reduction', Working Paper Series No 97 (Washington DC, 2006), 22.

48
David Satterthwaite, *The Transition to a Predominantly Urban World and Its Underpinnings, Human Settlements Working Paper* (London: IIED, 2007).

49
Stephen Malpezzi, 'Global Perspectives on Housing Markets and Policy', 2014.

There is, for example, mounting evidence from across Africa of the significant impact that housing has had in the growth and diversification of developing economies and of the important role that growing economies play in developing housing. Housing construction stimulates development in the secondary (manufacturing) sector, and housing rentals and associated activities produce growth in the tertiary (services) sector. These are strong drivers of entrepreneurial activity and for the creation of employment. The lower a country's per capita GDP, the greater the impact of the housing economy on adding value to that economy. Exploiting the construction and rental of housing as a way of driving economic growth has become a necessary strategy for city development in many territories.

Modest public investment in upgrading and the promotion of affordable new building programmes will trigger many other forms of investments and generate economic spin-offs both in and around the new, or upgraded, communities. These in turn can create additional assets with values far beyond the original investment. This process also includes citizens' own investments, which are usually greater than the value of external support. Promoting upgrading schemes implies creating new pockets of development and investment all over the city.

Upgrading informal settlements can therefore bring multiple economic benefits. Investing in helping low-income communities to transform their housing into decent, legal, well-serviced housing is an investment which generates enormous economic and social growth, for both residents and the city around them. It also enhances economic opportunities in areas such as the provision of water, household waste collection/management and electricity. Upgrading programmes also provide additional support for home-based livelihoods and can contribute to better health and bring various other benefits to workers (and their employers) and residents.

Housing construction and improvement can also be boosted where LRGs can address the constraints that push up housing prices, such as slow and expensive procedures for obtaining land and permission to build, inappropriate land use and building standards, and the expansion of urban settlements without associated infrastructure. This can also encourage the private sector to construct more, thereby shifting developer interest down-market in order to include building units that some lower-income groups can afford. If the private sector could provide more legal housing and serviced land that low-income groups could afford, this would allow LRGs to focus on supporting solutions for the lowest-income groups. It is necessary, however, to avoid publicly-funded, large-scale, construction programmes that produce units that are far too expensive for low-income groups to afford and that are often located in peripheral areas which are not attractive as they are too far from labour markets and services.

Shelter Africa estimates that outside South Africa, there are hardly any local developers that are capable of sustaining the delivery of more than 500 housing units per year. This means that Africa's cities are heavily reliant on the construction capacity of international organizations. As a result, many housing projects have been funded and constructed by international firms, and most notably companies from China and India (see Box 8 about the Kilamba City Project in Luanda, Angola).

The financialization of housing⁵⁰

In recent years, housing and housing finance have been transformed by global financial actors and unprecedented amounts of excess capital. The increased connectivity of goods, capital, information and people between different regions of the world has created investment patterns that have resulted in money being invested in housing as a safe investment, rather than just as accommodation. The ‘commodification of housing’ has influenced housing markets in prosperous metropolitan areas all over the world.⁵¹ As explained in Section 3 – Part 1, house prices have been spiralling upwards and out of the reach of average earners, whether for buying or for renting.

The financialization of housing and urban land has had a powerful influence on the availability and price of housing and land in many countries and cities, although this is a phenomenon which remains relatively little studied, especially in low and middle-income countries. Financialization refers to the increase in the size, importance and influence of a country’s financial sector (including its banks, investment companies, insurance companies, and real estate firms) relative to its overall economy.⁵² For housing, it can be seen in the pace and extent to which financial corporations, banks, pension funds, private equity firms and other funds have taken control of the housing and real estate markets. The role of financialization is not to provide tangible capital formation or to help increase living standards, but rather to maximize returns for shareholders, even in the case of social housing.

Financialization changes the way money is made in many industries: there is generally a narrow focus on outsourcing and short-term profit at the expense of integrated development, long-term investment and non-financial innovation. The companies and corporations who drive financialization do so for the profits that this can generate and, at least in the case of housing and land, for the capital assets that they take possession of and use. Well-located land within, or around, cities can rapidly be turned into a capital asset requiring no actual investment in development at wider territorial level.

As a result, this Report has a particular interest in the effects that the financialization of housing and urban land can have on the price of housing and its availability; the price of land for housing and its availability both in and around the city; rental prices and conditions; the availability and terms for obtaining housing finance; and the price and availability of public/social housing.

The UN Special Rapporteur on the right to adequate housing has raised concerns with regard to the financialization of housing and its impact on housing prices and availability. Her 2017 Report identified the financialization of housing as an issue of global importance. The report noted how the term can have a number of different meanings. For the purposes of the report, the financialization of housing is defined as the “structural changes in housing and financial markets and global investment whereby housing is treated as a commodity, a means of accumulating wealth and often as security for financial instruments that are traded and sold on global markets. It refers to the way capital investment in housing increasingly disconnects housing from its social function of providing a place to live in security and dignity and hence undermines the realization of housing as a human right.”⁵³

The commodification of housing is nothing new, but it seems that it has become increasingly intense in many cities, as can be seen in the very high price-to-income ratios for housing and the high proportion of income that has to be spent to rent

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This section draws heavily on Manuel B. Aalbers, ‘The Variegated Financialization of Housing’, *International Journal of Urban and Regional Research* 41, no. 4 (2017); United Nations Human Rights Council, ‘Report of the Special Rapporteur on Adequate Housing as a Component of the Right to an Adequate Standard of Living, and on the Right to Non-Discrimination in This Context’. Human Rights Council, Thirty-fourth session, 27 February-24 March 2017, Agenda item 3.

51

David Madden and Peter Marcuse, *In Defense of Housing* (London: Verso, 2016).

52

For more information, see: bit.ly/2MYuaC8.

The role of financialization is not to provide tangible capital formation or to help increase living standards, but rather to maximize returns for shareholders, even in the case of social housing.

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United Nations Human Rights Council, ‘Report of the Special Rapporteur on Adequate Housing as a Component of the Right to an Adequate Standard of Living, and on the Right to Non-Discrimination in This Context’. Human Rights Council, Thirty-fourth session, 27 February-24 March 2017, Agenda item 3.

or purchase accommodation. In this process, housing has shifted from being valued as a place to live and to raise a family to being viewed as a place to park and grow capital. The financialization of housing includes the transformation of real estate into a form of asset to be traded on global markets and this has triggered housing insecurity and homelessness crises in many cities around the world.

The statement by the Special Rapporteur to the Human Rights Council in 2017 noted the impacts on house prices. “This influx of capital has increased housing prices in many cities to levels that most residents cannot afford – in some cities by more than 50% in a 5-year period. Housing prices are no longer commensurate with household income levels, and instead are driven by demand for housing assets among global investors. When housing prices skyrocket, low and sometimes even middle-income residents are forced out of their communities by high rent or mortgage costs. When housing prices plummet, residents face mortgage foreclosure and homelessness. In the U.S., in the 5 years following the financial crisis, over 13 million foreclosures resulted in more than 9 million households being evicted. In Spain, more than half a million foreclosures resulted in over 300,000 evictions. Evictions of this scale surely should give rise to international outrage about violations of the right to housing. Instead, because they were caused by the failure of relatively affluent states to regulate financial markets and prevent predatory lending, they largely escaped human rights accountability. State responses have favoured the interests of financial institutions over the needs of those who have lost their homes.⁵⁴

54
The statement may be
accessed on: bit.ly/2PckXsE

As this Report explains in some detail, housing systems vary widely across the globe. Housing and housing finance markets have developed very differently in different countries and cities. “Notwithstanding the differences between and within countries, we see a common trajectory towards more financialized housing agents and markets, albeit in different domains and at different speeds in different places.”⁵⁵ This is likely to occur in many informal settlements, driven by informal real estate interests. **Commercial land markets can develop very quickly in informal settlements. Informal settlements can also be financialized through large-scale landlordism.**

55
Aalbers, ‘The Variegated
Financialization of
Housing’, 551.

Even in countries where the (local) state has traditionally been heavily involved in regulating the housing market in order to keep housing affordable for large sections of the population (rather than just for the very poor), it has increasingly transferred its social responsibilities, whether actively or passively, into the hands of financial actors and financial markets.

On April 6th 2019, the BBC reported that thousands of people took to the streets of Berlin to protest against rising rent prices and to demand that rental properties owned by large (including corporate) landlords be expropriated by local government. Deutsche Wohnen is one of the private companies that was targeted by these campaigners; it has around 115,000 properties in the city. Similar protests have also taken place in Munich and Cologne.⁵⁶

56
See: bbc.in/2PmfFv5

We can therefore see many examples of heavy corporate involvement with rental housing, as a profitable business (partly due, in many cases, to government subsidies), and of rental prices continuously rising. There is also the issue of vacant properties; Section 1 – Part 1 gives examples of cities and countries with very large-scale, new housing projects in which most of the apartments constructed are subsequently left empty, with this taking place in cities with very large housing deficits. It also seems that corporations involved in managing rental accommodation have learnt little from past experiences, in terms of what constitutes good management and maintenance and maintaining good relations with tenants.

To understand what influences financialization, it is suggested that it is necessary “to go beyond state practices defined explicitly as housing and welfare policies, and instead embrace a wider range of policies that are enabling the financialization of housing, including (but not limited to) monetary policies, the regulation of securitization, and policies that guide the practices of (typically foreign-owned) private equity and other funds.”⁵⁷ Despite all the discussions about affordable housing, it is difficult to see how it will be possible to reconcile housing financialization with an effective social housing policy.

57
Aalbers, ‘The Variegated
Financialization of Housing’, 551.

Housing and the SDGs

2.4

It is relevant to ask to what extent the Sustainable Development Goals are producing the kinds of policy change that can address the housing challenges described in Section 1 above and helping to supply the wide range of housing services described earlier in this section. It is also important to know whether the national governments that endorsed the SDGs (and the New Urban Agenda) will do more than their predecessors to make their commitments effective.

Doing so entails achieving SDG 11.1: “By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums”. This is seen as the housing SDG. It is notable for its inclusion of ‘adequate’ ‘safe’ and ‘affordable’ in relation to housing, as these go beyond the conventional criteria for assessing housing conditions. It is also notable in its unambiguous commitment to upgrade slums and to do so by 2030. These are a much more specific and ambitious set of goals than in the Millennium Development Goals that preceded them where the only housing related goal was “By 2020, to have achieved a significant improvement in the lives of at least 100 million slum-dwellers.” If the SDGs are achieved, in little more than 10 years, it will be possible to solve most of the problems outlined above.

All the services that housing should provide (according to Table 5) are scattered across a number of different SDGs. The importance of housing within the SDGs is partially lost to those who only focus on SDG 11 and ignore other relevant goals. As previously explained, it is in, and via, their housing that people normally obtain access to piped water, sanitation and modern energy/electricity supplies, but these have their own SDGs (SDG 6 and SDG 7). For most urban contexts, homes with good access to public transport should also be seen as meeting part of housing need, associated with the SDG commitment to safe, affordable, accessible and sustainable transport systems for all. This is also relevant to housing because it can increase the supply, and reduce the cost, of land for housing, as well as providing other benefits, including cheaper/quicker access to work. Note must therefore be taken of how many basic needs are met in-house, delivered to the home or neighbourhood, and/or linked to having a legal address and official place of residence.

Good quality housing and housing/neighbourhood-related services are also important for many other SDGs, including: achieving food security and improved nutrition (within SDG 2); ensuring a healthy life-style and reducing indoor air pollution (particularly in the home) (SDG 3); achieving gender equality, including in access to land ownership (which should include housing plots) (SDG 5); having access to jobs and economic activities (which would include many people whose homes are also their workplaces) (SDG 8); build-

ing resilient infrastructure (SDG 9); and reducing inequality both within and between countries (SDG 10).

SDG 16 commits countries to “promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”. It also mentions protecting people from violence, access to a legal address and recognition of citizenship (in which housing plays an important role). The objectives of SDG 16 also include participating in decision making, having access to information, and promoting the rule of law. SDG 16 tends to receive less attention than many other SDGs which have more specifically focused goals and international institutions that actively promote them, but it is difficult to imagine how most of the other goals (relating, for instance, to water, sanitation, education, health care and housing) could be met without the ‘good governance’ demanded by SDG 16. Housing needs (and rights) therefore involve much more than just access to shelter (as an owner or tenant) and more than is laid out in SDG 11, as amply highlighted in Table 5. In fact, it is through housing (and having a legal address) that many essential services and entitlements can, or should be, accessed.

Our interest in housing must therefore include not only what housing is, but also what it provides for its residents.⁵⁸ In most urban contexts, it tends to be what the location of the different forms of shelter (whether houses, flats or shacks) used by low-income groups provides access to that is important, rather than the shelter itself. We must remember that, as discussed earlier in this section, of the 33 services provided to households by good housing, only seven are supplied directly by housing itself. Most of the rest derive from the infrastructure and/or services that should be supplied to each housing unit (such as piped water or sewers) or its neighbourhood (e.g. schools, health care, public transport, policing, etc.).

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This is hardly a new concern - see for instance Turner, 'Housing By People - Towards Autonomy in Building Environments'.



3

Relevance of Local and Regional governments to Housing

How housing is viewed is an issue of great relevance to LRGs. If ‘housing’ is seen only as relating to a physical structure, in most countries and urban areas, LRGs do not contribute much to house construction, although they usually do play important roles in setting construction standards and in managing land use which support this.

However, if housing is understood as encompassing most, or even all, of the services listed in Table 5, then the importance of the role of LRGs in housing increases enormously. **Recognizing all of these roles related to housing involving service provision and location (e.g. access to labour markets) changes our perspectives of housing. It also fundamentally changes the roles and responsibilities of local government organizations as many of these housing-related services then fall within their remit.** Imagine the changes that would have to be made to the goals and targets if the SDGs were revised to recognize an SDG for housing that included most, or all, of the housing related services listed in Table 5. This view of housing also provides a way to show how a focus based on housing is relevant when defining and addressing the right to the city, which again depends on having a legal address, being registered to vote, and having access to public services.

3.1

Key challenges faced by LRGs to facilitate access to housing

There is something fundamentally wrong with development if economic success and increasingly wealthy cities also bring with them large, and often growing, sections of the urban population who are living in very poor conditions, in informal settlements that lack basic services. As previously noted, the main challenge facing housing policy and practice in almost all cities, worldwide, is the fact that a significant proportion of their population is unable to afford to rent, purchase or build good quality, legal housing.

The relevant questions therefore concern: how to make (decent) housing affordable to low income groups; how to reduce housing costs for both owners and tenants; how to increase the capacity of low-income groups to pay for housing; and, if the latter requires a subsidy, how large this should be to make each housing unit affordable. The smaller the subsidy required, the further the available resources will go. There is also the issue of preventing any possible subsidies being captured by higher-income groups, such as landlords raising rents when tenants receive public support to pay for rented accommodation.

The world is probably too diverse to permit a simple synthesis, or summary, of all possible housing policies and practices. Surveying housing policies across the world certainly shows a very heterogeneous landscape of housing conditions, and also of housing traditions and policies, and practises on the ground. Indeed, there is also often a very heterogeneous landscape within each region, including within Europe, where greater uniformity might have been expected. It is also important to note how the term ‘African city’ is of limited utility; it says where a city can be found: in Africa, but it fails to do justice to the economic, political, cultural and physical diversity of that continent and its cities (and countries).⁵⁹ In all countries, we can, however, see the influence of local, regional and national political and

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Stephen Berrisford, Liza Rose Cirolia, and Ian Palmer, ‘Land-Based Financing in Sub-Saharan African Cities’, *Environment and Urbanization* 30, no. 1 (2018): 35-52.

administrative systems on housing and urban development, but these are unique to each country and rooted in its history.

It is also difficult to compare housing policies within countries and cities when there are often enormous differences in the per capita incomes of their citizens, in the extent and quality of their housing and housing-related services, in the competences and capacities of their (local, regional and national) governments, and in the resources that are available for their housing policies.

Most cities and LRGs do face challenges in housing, especially when they are committed to the SDGs and to making sure that no-one is left behind. There is often a (large) proportion of the city's workforce and service providers whose incomes are too low to allow them to afford good quality, secure housing and who will never be able to afford to purchase their own house or apartment. There are also constraints on expanding the supply, and reducing the cost, of new housing units to make them more affordable; these include the high cost of land, and the procedures that are needed to purchase or lease it and to legally develop it. There is also the opposition of local residents to new building projects, especially when they involve social housing.

To state the obvious, all housing is located on land and is constructed with building materials. For urban dwellers, housing is, or should be, connected to city infrastructure and needs to be located in areas which offer good access to employment and services, and guarantee secure tenure. Housing is generally only affordable if there is access to long-term, low-interest, loans for housing construction or purchase, and/or financial support for low-income tenants.

These are issues that face all LRGs. This also means that housing costs could be cut by reducing the cost/increasing the supply of these basic components of housing. As many of the examples presented in this report show, local governments can exert their influence and reduce these costs even without extra funding, by: contributing public land; making land for housing cheaper and quicker to acquire; making building standards and regulations more realistic (allowing smaller lot sizes and incremental infrastructure); supporting community-utility-LRG partnerships to provide infrastructure and services; facilitating housing finance; and looking to expand the number of areas with good access and which are well-served by city infrastructure networks and public transport.

It is therefore not so much of interest to compare housing policies, but rather to learn how the housing challenges that most cities face have previously been tackled, in particular instances within their own contexts. The particular experiences in upgrading informal settlements described in the Second Part may have little direct relevance to cities in high-income countries, but there are several key principles that are shared. These include, for instance, the need to engage with residents and to build in collaboration with LRGs.

Affordability issues

Buying or leasing a housing plot and building for oneself is certainly the cheapest option but obtaining access to a legal housing plot to build their own housing is not an affordable option for most people, especially when there are lengthy and costly procedures involved in obtaining proof of formal tenure. For much of Africa's urban population, the lack of a cadastre, or property register, is an additional problem. What may seem to be the most affordable plots are often in peripheral locations, which implies important time and monetary costs for

Key workers who provide vital services in and around central cities, such as police officers, firefighters, teachers and nurses, are often unable to find affordable accommodation near their places of work.

accessing places of work and/or services. As explained in Section 6 – Part 2, most urban dwellers in the Global South cannot obtain funding for housing from conventional sources such as housing finance institutions or banks, as these are only available to those in formal employment. In most countries in sub-Saharan Africa, less than 10% of the urban population can afford to purchase even the cheapest, newly built housing with mortgage finance. The technical capacity of LRGs to ensure the quality of the construction of housing is also a challenge.

One important difference between the Millennium Development Goals (MDGs) and the SDGs relates to affordability. The MDGs gave little attention to affordability (they did not mention housing affordability although affordability was mentioned in relation to safe water), whereas the SDGs mention affordability in relation to the provision of a wide range of basic services, such as: housing, drinking water, ‘modern energy’, and transport (amongst others).

Housing affordability is included in SDG 11.1 - ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums by 2030. But ‘adequate’ and ‘safe’ housing is expensive, especially in successful cities and in the best locations. For most urban individuals and households, expenditure on housing is their largest expense - or for low-income groups in poor quality housing their second largest expense after food. This is the case both for tenants and homeowners.

Cities also present us with a paradox regarding affordability that was mentioned in Section 1 – Part 1. Their economies require a workforce (which includes many people prepared to work for very low incomes) and service providers. These people need accommodation in places that provide access to their workplaces/labour markets. However, cities (or rather the market) do not provide housing (to buy or to rent) that is affordable for large sections of their working (and other) populations in locations from which they can easily access their places of work.

Key workers who provide vital services in and around central cities, such as police officers, firefighters, teachers and nurses, are often unable to find affordable accommodation near their places of work. This is also true for low-income private-sector workers whose places of work are in, or around, central cities. These people often have to resort to informal (unlawful) solutions or to living in peripheral locations with long and expensive commutes. The lack of affordable housing with good access to labour markets can make low-cost labour increasingly scarce as journey-to-work distances become longer and/or more expensive.

Housing finance is meant to make the purchase of land and/or housing more affordable by spreading repayments over long periods (often over 20 or more years). **Where housing finance institutions function well, they do help to bring down monthly payments and significantly contribute to making formal housing more affordable.** It is, however, also important to note the high proportion of the population that is unable to obtain long-term finance/mortgages in most countries. Furthermore, in cities where house prices have grown much faster than incomes, the mortgages needed to purchase housing have become so high that only a very small proportion of households can afford them.

This concern for affordability has helped to raise the issue of what has come to be termed “affordable housing policies”. Affordable housing policies are meant to ensure a supply of good quality (legal) housing at prices that low-income groups can afford to rent or purchase. This may be achieved through housing being available at rents that are below market prices, or through particular households (for instance, first time buyers) receiving funds (such as low-interest

loans) that enable them to afford housing at market prices. The Section 4 – Part 2 discusses the experience of affordable housing to date.

There are also quite diverse groups within the city that are unable find legal, affordable accommodation. These range from those in full-time employment with the capacity to pay for most of rent but not all of it, to those with precarious jobs, those with low incomes, those unable to earn incomes, and those who need support in order to get them back into employment. There are also problems of affordable accommodation for those populations with special needs. These include the homeless, ex-offenders, those struggling with addiction, refugees, and those fleeing from abusive relationships. **Here again, we come up against the fact that housing policies need to respond to the very particular circumstances of each city and/or neighbourhood, which implies an essential role for LRGs and local partners.**

Section 1 – Part 1 pointed to a range of cities in which the price-to-income ratios for housing were so high that only the wealthy minority could afford a conventional house or apartment. Here, we shall look at the affordability, and lack of affordability, of housing in cities in high-income countries, in a wider set of countries, and finally, in the specific case of China.

The 15th Annual Demographia International Housing Affordability Survey⁶⁰ covered 309 metropolitan housing markets, in eight countries (Australia, Canada, China [only Hong Kong], the Republic of Ireland, New Zealand, Singapore, the United Kingdom and the United States), for the third quarter of 2018.

The survey rated the affordability of middle-income housing, using the median house price divided by the median household income. It observed that, historically speaking, liberally-regulated markets have tended to have median house prices that were just three times, or less, than median household incomes. Now, however, there are many cities with ratios of 5.1, or greater (which would be considered severely unaffordable), and even some with ratios of over 10.

The survey reported that there were nine affordable major housing markets, all of which were in the USA, including some with price-to-income ratios of less than 3.0. In contrast, there were 26 severely unaffordable major housing markets. Hong Kong was the least affordable (with a ratio of 20.9), followed by Vancouver (12.6). The cities of Sydney (with a ratio of 11.7), Melbourne (9.7), San Jose (9.4), Los Angeles (9.2) and Auckland (9.0) were also amongst the least affordable housing markets. The cities of San Francisco (with a ratio of 8.8), London and Toronto (both with ratios of 8.3) were also among the 10 least affordable major markets.

There was also another set of data on housing affordability, covering 299 cities across the world, with a range of indicators on housing affordability for those with median-level family disposable incomes – so certainly not low-income groups. Still, in most of these cities, people with median-level incomes are a long way from being able to afford to buy a 90m² apartment, or to obtain a mortgage to purchase such a property.

In many cities, the price-to-income ratio (the ratio of the median apartment price for a 90m² apartment compared to the median family disposable income), expressed as years of income, initially seems rather absurd:

- Hong Kong, Beijing, Shanghai and Shenzhen: 40-49.9 years;
- Phnom Penh, Mumbai and Taipei: 30-39.9 years;
- 17 cities, including, Colombo, Kathmandu, Algiers, Bogota, Buenos Aires, Rio de Janeiro, Bangkok, Ho Chi Minh City, Singapore, Jakarta, London, Seoul, and São Paulo: 20-29.9 years.

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Demographia, '15th Annual Demographia International Housing Affordability Survey: 2019 - Rating Middle-Income Housing Affordability', n.d.

Of the cities with the 25 highest scores, 17 were in Asia (including six in China), five were from Latin America, and only two were in Europe: London and Belgrade. There was also one in Africa (Algiers), but none in the USA. All of the 25 cities with the lowest scores were in the USA and had scores of under 2.6 years. Of the 299 cities cited, the income ratio for purchasing an apartment was only 3 or less in 28 cases.

The reason why African cities do not figure more prominently is that there are no data for any sub-Saharan African city other than from South Africa. The lack of European cities in the highest scoring category could not be for this same reason as there were data for 105 European cities.

There was a similar, huge variation across the 299 cities in terms of the affordability of taking out a mortgage to purchase a 90m² apartment. There were many cities where residents with average incomes could afford 100% mortgages to purchase such apartments, with this taking up only 10%-30% of their income. Cities in the USA were vastly over-represented in this category. It was noticeable that most of the US cities were amongst the lowest scores for mortgage payments in terms of the percentage of family income that needed to be committed.

Of the 299 cities studied, purchasing housing would have required mortgage payments exceeding the average household income in 100 cases. Other cities requiring seemingly impossible mortgage payments, which would represent over 300% of income for those on an average salary, included: Colombo, in Sri Lanka; Mumbai, in India; Phnom Penh, in Cambodia; Tehran, in Iran; Kathmandu, in Nepal; Shanghai, Beijing, Shenzhen and Hong Kong, in China; Bogota, in Colombia; and Lviv and Odessa, in Ukraine. Thus, in most of the cities outside the US, households with median incomes could not afford to purchase a 90m² metre apartment with a mortgage.

For most cities in India, housing is estimated to cost 3 to 5 times the annual household income as against 5-6 times in 2010.⁶¹

There are, however, some reservations about these data. One question is whether everyone who reported on these cities used precisely the same criteria. Another question would concern why a 90m² apartment was chosen as the standard reference; was this because in many cities, a large proportion of the population lives in formal housing in the form of 50-90m² apartments? Perhaps many people with median incomes would live in 90m² apartments in US cities, but housing of this size could be more associated with upper-income groups in most cities. It would be relevant to ask how a high proportion of a city's population living in informal settlements would influence the price-to-income ratio of buying a 90m² apartment or the (often impossibly) high mortgage payments. It would also be interesting to see whether the price-to-income ratios would change if smaller, more modest, flats were chosen as the benchmark.

In most urban areas in the Global South, however, it is in informal settlements and overcrowded tenements that "affordable housing" is found. The paradox noted above is resolved by the development of informal settlements. Low-income groups cannot afford to buy, build or rent accommodation in formal housing markets. Affordable market solutions are therefore available for low-income groups, the problem is that they are unlawful and of very poor quality; they are usually overcrowded, lack basic services and are often at poor locations (with high time and money costs for getting to and from work). Many are also built on dangerous sites, such as on river flood plains or steep slopes. Prices can be reduced by citizens: buying/renting ever smaller units (with typically less than

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For more information, see:
bit.ly/2JduxHW

9m²); sharing through high occupancy (several people sharing very small units); having fewer basic services; living at more peripheral locations; and/or contra-vening laws (including those relating to plot tenure).

Even in the case of poor quality, overcrowded, informal housing, residents often pay a high proportion of their income to landlords in the form of rent.

Low-income groups therefore remain heavily reliant on informal systems of tenure and incremental housing production, much of which has been rendered illegal by outdated, inappropriate, or poorly implemented, land, planning and housing policies.

Other factors that are pushing up housing costs include: high land prices, costly procedures to purchase or lease land (often within systems with deficient land titling), a lack of long-term finance for housing, and inappropriate regulations (for instance, unnecessarily large, minimum plot sizes). Costs may also be pushed up by the need to import certain building materials and high maintenance costs. Regulatory and administrative requirements can push up costs through imposing excessively large, minimum plot sizes (e.g. 100 m² or more, in some cities) and prohibitively costly infrastructure.

The cost of producing a standard house varied by as much as 100% in a comparison of major cities in 16 different African countries.⁶² The factors driving costs appear to be: high land costs; delays in obtaining titling and approvals; imported building materials, such as steel, ceramics and electronics; and skilled labour. However, the time and cost of housing development for the cheapest forms of formal housing has been reduced in many countries, in part because of more adequate building standards, including smaller unit sizes when regulations were disconnected from local realities (oftentimes derived from the legacy of colonial building standards).

62
David Gardner and Keith
Lockwood, 'Comparing
Housing Economic Value
Chains in Four African
Countries', 2019.

Government policies on housing and services and local and regional governments' roles

All levels of government influence housing conditions by what they do, support, enable or seek to prevent. As this Report makes clear, there are many ways in which all levels of government can help to improve the quality and affordability of housing. These include:

- supporting the construction of housing that is available to low-income tenants at prices below those dictated by the market (social or affordable housing)
- providing support for those who wish to become homeowners (for instance, through subsidized loans or support for tenants to become homeowners or part owners)
- introducing measures to ensure that a proportion of new private sector-built housing includes properties that are affordable
- linking the expansion/improvement of public transport to land allocated for affordable housing
- taking measures to reduce the cost of housing (e.g. by greatly increasing the supply of modest-sized, well-located housing plots) or by allowing buyers to spread such costs over many years, through long term loans/mortgages
- providing support for residents of informal settlements and working with local government organizations to design and implement upgrading programmes that also imply connecting the housing in question to basic infrastructure
- supporting and/or promoting community-led initiatives, such as helping savings groups to find solutions, which could include providing land for housing schemes

The main responsibilities for housing policy usually lie with either central government or (less often) regional government. However, even where the national government takes the lead role in housing policy, city or municipal governments often play the lead role in implementation and in adapting national plans to fit local circumstances. It is, however, common for local government organizations to play only a minor role in formulating these policies; they tend to be seen as local implementers and are usually dependent on higher levels of government for support.

As noted in recent studies, Asia, housing policies have largely been superseded by projects.⁶³ This is also the case in many sub-Saharan African countries. In the absence of practical national or city-based housing policies, housing 'policy' becomes simply the sum of scattered, often ad hoc and ill coordinated, projects. Even the best and most innovative projects designed to address housing problems are often implemented in isolation, seldom replicated, and almost never scaled up. Many city governments see city-wide housing policies as being beyond their power, resources and capacities. Small, isolated projects may resolve specific problems in small pockets, but what is generally required is city-wide thinking that can be scaled up, can be used to build robustly, offers city-wide and nationwide solutions, and can deal with deeper, structural problems and transform inequitable systems.

The role of all the different levels of government is also important to consider, be it to directly take part in policies for adequate housing, as illustrated by the example of Barcelona's provincial council in box 7, or by creating a multilevel governance system that enables action stemming from lower levels of government. This becomes particularly relevant where and when it is the state/provincial level of government that has responsibility for housing interventions, rather than the city/municipal level of government. Furthermore, within city authorities, specific housing projects are often undertaken or managed by sub-city levels of government: district, borough or ward authorities. Alternatively, they may depend on particular municipalities in many large cities which are made up of many different municipalities.

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Hasan and Arif, 'Pakistan:
The Causes and Repercussions of the Housing Crisis'.

Source: input from the Head of the Housing Office of the Diputació de Barcelona.

Box 7. The role of the Barcelona Provincial Council in the promotion of affordable rent

The Housing Office of the Barcelona Provincial Council offers comprehensive support to the local authorities of the demarcation of Barcelona in the field of the design, implementation and evaluation of its housing policies. This task is to strengthen the capacity of local governments to develop local housing policies that guarantee the right to decent and adequate housing for all citizens and increase the quality and quantity of affordable available housing.

The lack of affordable housing is configured as a serious and permanent problem in time that affects a significant part of the population. Over the last few years, there has been a growing gap between the income of the population and the prices of housing (in Catalonia as a whole, between 2000 and 2018, the Gross Domestic Income Available per inhabitant had increased by 38,2%, when the average rental price had grown 92%. Source: Metropolitan Housing Observatory).

Faced with this problem, these recent years the Housing Office of the Barcelona Provincial Council has been promoting several measures aimed at encouraging affordable rent: subsidies for the rehabilitation of public

housing, subsidies for the acquisition of housing, development of feasibility studies for the promotion of affordable and rentable new housing, courses and workshops for the management of affordable rent, etc.).

This year 2019, a new benefit fund has been promoted for the Promotion of affordable rent and the management of municipal housing transferred to the local world with a total amount of 539,380.92€. The program provides financial support and technical advice to facilitate the 64 local authorities that are beneficiaries of the action, which covers practically all of the municipalities of the province and includes the regional council among the beneficiaries. It reinforces programs to promote affordable existing rent (social rental stock, for example), or believe in new ones (transfer programs, urban housing, etc.). The program is currently under execution and until April 2020 its results will not be known; In any case, with its implementation, it is expected to increase the available affordable housing stock for rent in the province of Barcelona, the number of rental promotion programs existing in the territory, and the number of measures to strengthen the attractiveness of pre-existing programs.

Likewise, the Barcelona Provincial Council is participating in the “Yes we rent” project, beneficiary of the Urban Innovative Actions of the European Union. The project, to be developed during the period 2019-2021 and led by the City Council of Mataró, aims on one hand to promote affordable rent by establishing a program of incentives for owners for the transfer of housing to the city council through soft financing of the rehabilitation works, and on the other hand, to promote the creation of a “cooperative of tenants” to which the management and use of the homes obtained were granted. The participation of the Housing Office is focused on providing technical and legal support for the development of the instruments for attracting new housing, transferring the results of the experience and promoting the scalability of projects at the provincial level in case of success.

Decentralization and local and regional governments

3.2

Local governments find themselves on the front line for many housing issues and must deal with these issues directly and with those sections of the population who lack decent housing. Most local governments have the task of managing land use issues, extending infrastructure, enforcing building regulations and deciding which settlements are to be ignored, upgraded or bulldozed. They generally also have other responsibilities for a range of issues and areas that strongly influence housing. These tend to include: urban development policy, which should support housing construction or improvement by households; communities; and the private sector. Their responsibilities tend to cover land, infrastructure and services, finance and inappropriate regulation.

However, centralization tends to effectively leave most city governments with little power, money or control over land. As a result, local government bodies have only limited power to address housing issues and are generally dependent on central government-initiated programmes and funds. However, as the examples given in the Second Part will show, many LRGs can be highly innovative and find ways to mobilize local resources and spaces in which to engage with civil society that centralized policies usually miss.

China is an interesting exception because its central government allows the city to be a developer and to initiate housing projects and raise revenue. In practice, however, the interaction between the city and its people does not tend to work so well, as shown by the many evictions currently taking place.

At the same time, some effective decentralized housing strategies are currently being centralized. This trend for centralizing control over programmes and budgets is, however, causing serious difficulties for some of the more progressive housing strategies that were already in place and were quite effective. In the Philippines, for example, efforts were made to devolve the Community Mortgage Program to cities and to make it a more flexible tool which cities could use in their efforts to address housing problems more locally and comprehensively. Now, however, this initiative has been brought back under national government control (see Part 2 for more details). Sri Lanka had one of Asia's pioneering decentralized and participatory community upgrading programmes: the "Million Houses" programme, but it has more recently moved to a more market-based and top-down programme, which consists of relocating urban communities in high-rise blocks.

It should be also noted that local governments can become just as centralized, bureaucratic and top-down as national governments. They can bypass organizations and networks that represent the urban poor community and other urban stakeholders. National governments definitely have some kind of role to play; they often need to soften certain regulations and release land so that the city can deal with its land issue. That said, the most crucial relationships lie within a city itself. In cases where local governments have worked with their communities for participatory development, the plans have been more successful and there has been a culture of accountability and transparency that is generally lacking in central government-supported initiatives.

The question therefore comes down to how a resourceful, balanced, multi-level governance framework for housing should be structured. There is general consensus that national governments should focus on policy, legislation, regulation and the maintenance of record systems, budgetary and financial controls and allocations, and monitoring and evaluation. LRGs should be concerned with planning, development frameworks, implementing regulations, and facilitating development wherever 'development hits the ground'. However, obtaining the required devolution of powers, functions and (most critically) budgets from central government requires support from national-level politicians and dialogue and collaboration between national and sub-national authorities. Implementation is a challenge, and especially when it comes to making the changes that are needed with the funds allocated and the revenue sources available.

The practical reality is that in most low- and middle-income countries, local authorities have very limited powers and resources. This constrains their ability to effectively promote adequate housing or to introduce any other urban policies that would provide it; indeed, this often means that local governments have little capacity to even meet their most basic responsibilities, such as delivering water, sanitation and solid waste collection services. This problem is often further exacerbated by inconsistencies between local and national strategies, while the lack of institutional coordination channels and/or opportunities may further affect the availability of certain instruments required for local housing policy.

Many national governments have devolved responsibilities for housing to LRGs without the required technical and financial support. Furthermore, they have also and often done this in favour of regional (e.g. state or provincial) adminis-

trations rather than municipal governments. National housing policies can also be formally progressive. The housing policy of Bangladesh recognizes the need to involve public-private partnerships, cooperatives, NGOs, voluntary organizations, individuals and groups. It also notes the need to make land administration, revenue collection, land surveying, land transfer, and land registration systems modern and convenient. Evidently, the intentions are good, but the question remains as to how much of this will actually be implemented.

There is also the issue of elected LRGs coming from opposing political parties. This often leads to difficult relations and a lack of central government support (see Part 2 for more details).

Africa

Although the role of LRGs in ensuring the delivery of housing in cities and towns is recognised in most African countries, they tend to remain highly centralised regarding housing policy, governance and financing. Most of Africa's LRGs have very limited powers and even fewer resources. Between 2012 and 2015, there was a "modest but tangible improvement in the latitude afforded by national governments to city and local government action."⁶⁴ "These improvements are mainly related to increased financial transfers from central governments to local authorities; improved transparency in the management of local affairs; increased citizen participation; and better frameworks being implemented for local government capacity building." Even so, progress is uneven across Africa, and three-quarters of African countries still require significant structural reforms to enable devolution to LRGs.⁶⁵

Whether with or without devolved powers, the role of LRGs in the housing process is often a critical one that has not been adequately resolved. In Morocco, Egypt and Tunisia, local governments have seen their roles and prerogatives in local and territorial development increase, but these still remain very weak in housing. Housing competences, policy development and programme implementation mostly remain firmly in the hands of central authorities, which follow sectoral implementation approaches. Thus, local governments are seldom involved in the planning, financing and/or production of subsidized social housing.

Latin America

Throughout much of the second half of the twentieth century, most Latin American government functions remained centralized and authoritarian, with little or no interaction taking place with local governments, and even less with civil society. However, the processes of political opening and re-democratization that took place in most of the region also coincided with the restructuring and strengthening of the role of local governments. This took place in two cycles: the first, from the 1980s until the end of the 1990s, involved decentralization through neoliberal policies; the second, from the end of the 1990s onwards, included more democratic and social policies and attempted to correct the most harmful effects of the previous neoliberal agenda.⁶⁶

During this period, the position of LRGs strengthened and they began to promote new paradigms of decentralized urban governance in such policy areas as urbanization, land regularization, urban infrastructure and the construction of new housing units.⁶⁷ In addition, in many countries, decentralization resulted in

⁶⁴ UCLG Africa and Cities Alliance, *Assessing the Institutional Environment of Local Governments in Africa*, 3rd ed., 2018.

⁶⁵ UCLG Africa and Cities Alliance.

⁶⁶ UCLG, 'Decentralization and Local Democracy in the World: First Global Report by United Cities and Local Governments, 2008', GOLD I - Global Report on Decentralization and Local Democracy (Washington, D.C.: The World Bank, 2009).

⁶⁷ UCLG.

an increase in the prerogatives and responsibilities of local government organizations, although usually without the corresponding decentralization of resources.

Today, housing policies in Latin America are still dominated by agendas and policies designed by national governments. This can be seen in many countries, where there is massive public investment in new housing units by the private sector, with national governments providing direct public subsidies.⁶⁸ This mode of production, which was first tried in Chile in the late 1980s, need not necessarily count on the participation of local government organizations. In recent years, such policies have been characterized by their massive size; they have sometimes (especially in Mexico and Brazil) involved developments with thousands of units, but without commensurate urban planning. In many cases, the scale of these policies has been closely tied to an economic logic: the creation of employment (with less interest in whether the housing produced was of good quality or affordable). The actual benefits that such projects have brought to low-income earners has varied enormously; even with subsidies, the resulting housing often remains too expensive for low-income households and it has often been built in peripheral locations, far from labour markets. This has had some very harmful urban consequences given the lack of connection to local government land and essential urban policies.

In recent years, countries such as Argentina, Brazil, Costa Rica, El Salvador and Uruguay have developed national housing plans which present a broader approach. However, as explained in Part 2, there are also many examples of LRGs developing innovative and often effective housing policies by drawing on their own resources.

Brazil is a point of reference in terms of the role of local government organizations in urban and housing policy, even though this is mainly limited to its largest cities. The Federal Constitution of 1988 delegated urban policy to municipalities. Every city with more than 20,000 inhabitants is therefore required to formulate its own Master Plan, giving guidelines for the orientation of municipal urban policy. This must cover land-related issues housing solutions, and the instruments required to finance these policies. Larger municipalities, which have a greater capacity to collect taxes and urban development fees, usually produce the best results and most effective policies.

Asia

In some Asian countries, there have been efforts to decentralize various aspects of governance to the local and/or provincial levels; in most, however, control over land, finance and policy remains firmly in the hands of central government. In many countries, the predominant trend has been away from devolution and back to more centralized governance; examples of this were given earlier in references to Sri Lanka and the Philippines. This makes it difficult for local governments to deal with housing problems in their cities. Even some of Asia's most progressive and effective housing programmes, which had shown considerable progress and allowed local government organizations to innovate, are now being centralized. Example of this include the National Housing Authority taking over the main budget of the Community Mortgage Program, in the Philippines, and the Kampung Improvement Program (KIP) being brought under the control of the Ministry of Construction, in Indonesia. This is relocating informal communities to "One Thousand Low-Cost Flat Towers" in remote parts of the city – despite all the documentation showing the limitations and ineffectiveness of such an approach.

In the Philippines, housing delivery policies and programmes for the poor remain highly centralized, as can be seen from the long list of laws, agencies, departments, bills and mandates controlled by central government. Few local government organizations implement housing programmes using their own resources or can make housing and secure land tenure a priority in their local planning and development agendas. The Urban Development and Housing Act gives local governments' responsibility for providing housing, designating sites, formulating housing programmes, coordination with local councils and managing project budgets. Local governments do not, however, have any control over land, while local funding is insufficient to allow them to meet their responsibilities.

In many countries, housing programmes are still mostly top-down in nature, designed and controlled by central government, bureaucratic and slow-moving and they fail to address the problems of the target poor. The National Housing Authority (NHA) of Bangladesh is one of many Asian government bodies that has abandoned its original mandate of providing housing for the poorest members of society. Over time, the NHA has become more like a real estate developer: buying land, subdividing it and selling the plots, and/or developing blocks of flats for sale, with most of the resulting housing being unaffordable for the poor and only accessible to "lower middle-income" groups. In Bangladesh, the NHA currently manages public sector housing development for the whole country; Local governments, in contrast, have no power or budget to develop their own housing projects. Significantly, the NHA has only implemented one slum housing project in all its 60-year history, so it has not even begun to address the enormous housing problems in Bangladesh's cities. This ineffective, highly-centralized, system has left a vacuum in housing for the urban poor that numerous NGO microfinance projects have been unable to fill.

In Pakistan, despite efforts to decentralize the responsibility for housing and to encourage local governments to actively create their own plans to alleviate poverty and upgrade slums, the funds required for this remain in the coffers of national-level government and local governments are unable to go very far with their plans. In the Sindh province, which is the most populous (and includes Karachi), the Sindh Special Development Board Act and the Sindh High Density Board Act enshrine decision-making at the provincial level, but without any input from local governments or local communities.

Even in countries where there are government housing programmes for low-income families, these have mostly been unsuccessful with regard to the scale required and/or to actually producing or improving housing in a way that benefits low-income groups. The Indian government has long allocated large amounts of funding that is supposed to be available to LRGs for housing initiatives. However, this usually means that local governments have to tailor what is planned to meet central government criteria and priorities, rather than local needs and demands.

The ambitious Pradhan Mantri Awas Yojana-Urban project (PMAY-U) has a target of providing 20 million affordable houses in urban areas within five years, using a variety of partnership, financing and subsidy strategies. Although the policy does focus on incentivizing state and private-sector built housing projects, PMAY-U also seeks to support *in-situ* upgrading of existing slums (usually termed rehabilitation in India) and encompasses loans for housing improvements and building new units. Yet four years into the Programme, less than 7.5% of the target has been met.

The challenges encountered included problems obtaining the property and land records which slum dwellers are required to provide to access to the scheme (and which very few slum-dwellers have) and the feasibility of encouraging develop-

ers to use land as a resource in smaller cities with lower land costs. In 2017, the Government of India changed its target to 10 million units. It also increased the income limit for lower income groups so a larger population could access the scheme's benefits. For the Government, this has meant a better rate of achievement under PMAY-Urban, yet it is more likely that the policy now benefits middle- and lower-income groups rather than the more vulnerable, economically weaker sections.

The actualisation of housing schemes is also complicated by having cities in-charge of implementation/facilitation, while municipal authorities continue to be fiscally dependent on higher levels of government and state governments often control agencies at the local level. Devolution of responsibilities to local governments is incomplete without the corresponding increase in fiscal autonomy that would enable better implementation of housing schemes and ensure LRGs a larger say in defining policies and programmes. LRGs are also obliged to contribute to the cost of housing schemes. Under the current "Housing for All by 2022" scheme, around 73% of the total project cost is expected to be borne by states and urban local bodies. Yet, municipal finances rely largely on states, which in turn currently generate only about 50% of their revenue and are thus significantly reliant on central transfers.

The observed roles played by local and regional governments in housing policies in OECD countries

The level of public administration responsible for the different instruments used in housing policy tends to vary considerably from country to country and between different national/federal, regional/state and municipal/local authorities. In general, most demand-side policies are the responsibility of national/federal bodies, while supply-side policies tend to mostly depend on municipal/local authorities (although often with funding from higher levels of government). There are many other examples of joint responsibilities between two, or even three, levels of government. The text below draws on the responses of 34 countries to an OECD Questionnaire on Affordable and Social Housing in 2016.

Grants to home buyers: 16 of the 34 countries provided these; they were mostly the responsibility of the national/federal level of government, with some being regional/state responsibility. Only two mentioned local authorities; in the USA, this was implemented by state and local government bodies, with funding from the Federal Government; in Norway, this was a municipal competence, with funding from national/federal government.

Subsidised mortgages and mortgage guarantees for home buyers: most countries had these and they mostly came from national/federal government budgets. Only three mentioned the municipal level: Norway and the Netherlands with both municipal and national funding, and Ireland with just municipal funding.

Mortgage relief for overindebted homeowners: in the 8 countries where this was provided, it was mostly from national/federal government budgets. Hungary and Norway mentioned municipal competences.

Tax relief for access to home ownership: in the 22 countries where this was provided, it was mostly provided by national/federal government; in Japan, it depended on the municipal administration.

Subsidies for the development of affordable home ownership: when governments provided these (19 did not), the funds mostly came from national/federal sources; in Chile, they came from national and municipal authorities; in the USA, they were available at all three levels.

Housing allowances: all but 3 of the countries provided these and they mostly came from national/federal government bodies; in Croatia, they were provided by the municipal and regional/state authorities; in Estonia, Lithuania and Japan, funding was from the national and municipal levels; in Latvia, it was from the municipal level.

Social rental housing: most countries had social rental housing measures and these were mostly a municipal responsibility, often with funding from regional/state and national/federal government.

Subsidies for developing affordable rental housing: in the 11 countries that provided these, the funding mostly came from national/federal government budgets; in Germany, the responsibility was municipal; in the USA, it existed at all three levels.

In some countries, regional/state governments play a key role in housing policy. For example, in Austria and Germany, responsibility for housing policy measures (such as providing social housing and financial support to households to access home ownership) is almost entirely devolved to the regions/states. In Germany, this is despite the main housing allowance programme being administered at the federal level.

In Australia, Canada and the USA, federal funding to support access to affordable housing is made available to provincial/state governments to help them implement different housing programmes (including the provision of affordable housing for rental and for owner occupancy, and direct support to households through grants and housing allowances). In the United Kingdom, housing policy measures are the responsibility of the devolved administrations (e.g. Scotland and Wales). In Spain, housing programmes are mostly run by regional governments, within the priorities and funding being provided by the country's National Housing Plan. In Switzerland, most of the housing policy measures are organised differently in each of the different cantons. Other countries have more centralised systems, although national programmes are usually implemented in close cooperation with local authorities.

The degree of decentralization varies across the different policy areas. For instance, credit support - including interest subsidies and mortgage guarantees or the provision of loans under preferential conditions - usually involves the implication of the central administration or of some particular, publicly-owned, credit institutions that operate at the national level. Tax relief for access to home ownership is generally another national-level measure. Grants for home buyers are available as part of national programmes in Estonia, Hungary, Japan, Luxemburg, Malta, Mexico, New Zealand and Slovenia, while there are regional programmes in Australia, Austria, Canada, Chile, Germany and the USA. Housing allowances are funded at the national level in most countries, but with the exceptions of Austria, Canada, Chile, Japan, Spain and Switzerland, where they are mainly regional measures.

Social housing programmes are mainly the responsibility of regional governments in Australia, Austria, Canada, Germany, and Spain, while in most Eastern European countries, and also Norway, social rentals are mainly provided by municipalities. Municipal authorities also play an impor-

tant role in the development of new housing, whether in the form of social housing or other types of affordable housing programmes, by providing land at discounted prices and setting conditions for new developments.

3.3

Public housing programmes

Governments can fund large housing construction programmes for low-income groups, but the subsidies required to make conventional housing affordable to low-income groups usually need to be high, which restricts the number of houses that can be constructed. The size of the subsidies can be reduced by charging occupants more, but there are limits to what low-income groups can afford. The amount paid in subsidies can also be reduced by building cheaper units (such as by providing a core housing unit which residents can later add to). The subsidy needed for each housing unit can also be cut by combining household savings, capital subsidies and loans. Even where public housing units are affordable, there are often serious problems ensuring that the subsidized units go to low-income groups and that the necessary infrastructure is provided and appropriately maintained. Municipal authorities that play no role in building new public housing estates usually do not see their maintenance as their responsibility. The maintenance of public housing stock, is a key, yet oftentimes overseen, role played by municipalities. Adequate maintenance is critical to avoid the degradation of residents' living environments and prevent stigmatization, thus promoting social inclusion.

From the 1950s onwards, many governments launched, or expanded, public housing programmes. These included European countries rebuilding after World War II, Latin American states struggling to manage rapid urbanization, and projects run by governments in newly independent countries in Africa and Asia that were committed to improving housing (which had been neglected under colonial rule). Support for these programmes waned from the 1980s onwards, in part because of political changes (neo-liberal governments and eastern European nations ending large public housing programmes during the 1990s) and in part because of deficiencies in the public housing built during the 1960s and 1970s. Furthermore, aid agencies and development banks (with only a few exceptions) gave a very low priority to housing.⁶⁹

What was unexpected was a new round of very large government-funded public housing programmes which appeared in many countries in Latin America, Asia and Africa (although often built by private contractors).⁷⁰ In Africa, for instance, after the failure of nationalized housing stock ventures (in countries like Ethiopia and Mozambique) and of centralized, state-controlled housing development and financing projects in many post-colonial African countries, numerous governments still attempted to tackle the housing problems through publicly-funded policies.⁷¹ However, given the mismatch between demand, supply and the ability of LRGs to finance housing development, African cities seems to head towards repeating the failures of the past. Despite some significant investment in public housing in a few countries, the housing units that have been produced have been largely inaccessible or unaffordable for the majority of households. Box 8 highlights one of many examples.

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See for instance the support of the Swedish International Development Cooperation Agency (SIDA) for housing initiatives for low income groups in Central America: Alfredo Stein, 'Participation and Sustainability in Social Projects: The Experience of the Local Development Programme (PRODEL) in Nicaragua', *Environment and Urbanization* 13, no. 1 (2001): 11-35; Alfredo Stein and Irene Vance, 'The Role of Housing Finance in Addressing the Needs of the Urban Poor: Lessons from Central America', *Environment and Urbanization* 20, no. 1 (2008): 13-30.

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Robert M Buckley, Achilles Kallergis, and Laura Wainer, 'Addressing the Housing Challenge: Avoiding the Ozymandias Syndrome', *Environment and Urbanization* 28, no. 1 (2016): 119-38.

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Marja Hoek-Smit, 'Inclusive Housing Finance - Affordable Housing', Report for UN-Habitat, *Housing Finance Input for Habitat III*, 2015.

Box 8: Missing the Mark: The “Kilamba New City Project” in Luanda, Angola.

The Kilamba New City project, 30km outside Luanda, was the show-piece of the Housing and Urban Development Programme announced by Angola’s President in 2008. The project received an estimated USD 3.5 billion from the Industrial and Commercial Bank of China, which is being repaid using Angolan oil. The project was completed by the China International Trust and Investment Corporation (CITIC) in 2012.

The project includes 750 apartment buildings, with between five and 13 floors, 17 schools and 24 day-care centres, more than 100 commercial properties, and over 240 retail stores. The new city was built to accommodate 160,000 people in 20,000 apartments, each with a floor area of between 110m² and 150m². The cost of from USD 120,000 to USD 200,000, per apartment, was far above what most of the urban population could afford. This resulted in very low sales, with only 220 (8%) of the first 2,800 units produced in 2012 actually being sold.

After being labelled a ‘ghost town’, the government reduced the sale prices by up to 60% and also offered low-interest mortgages. The price of one-bedroom apartments was reduced from USD 125,000 to USD 70,000. Even with subsidies, Kilamba’s apartments were still only affordable for higher-income households. All the units are now occupied (they were mostly sold, but some are being used as social housing). By 2015, Kilamba had a population of around 80,000, which was still far short of the 160,000 residents for whom it was planned.

Source: Centre for Affordable Housing Finance in Africa. ‘Understanding Housing Markets: Using Municipal Data’, 2018.

Local governments and communities are rarely adequately consulted, and generally play only very minor roles in the production of social housing. They are often even marginalized when considering their *de jure* urban management functions, which include land planning, granting development authorizations, and managing the provision of urban services. National governments take action to mobilize large amounts of financing, but generally bypass local/regional government authorities.

Most new mass-housing initiatives have repeated all the mistakes made by the earlier generation of public housing programmes (from the 1960s and 1970s) and ignored most of the hard-won lessons. These errors have included: siting developments at locations far from employment opportunities and public services; having very large gaps between what the housing unit costs and what low or even middle-income groups can afford; and failing to provide any maintenance. Multi-storey buildings, in particular, needed extra maintenance that was simply not provided. Large estates of public housing often lacked even the most basic services, such as solid waste collection and the management of public spaces.

Another important issue is that of avoiding the creation of ghettos by concentrating low-income groups in large high-density concentrations in peripheral locations where there are very few employment opportunities and poor links with the city. This is also a problem facing many cities in the Global North.

On top of all of this, residents of high-rise public housing can also become increasingly isolated from the street, each other, and the other city residents. They often feel excluded from the city because many of the large, new, housing

developments are built in peripheral areas, far from jobs and opportunities, and where the provision of infrastructure and services, commerce, policing and public transport are all generally deficient. In many cases, this leads households to abandon their housing units which adds to the cycle of degradation in the settlements that they leave. They often end up worse than before as the housing they had before moving to the public housing is no longer available.

Preventing evictions

SDG 11.1 is very clear about the priority to upgrade slums (rather than evict their inhabitants) and in some countries, and especially in Latin America, this is clearly evident in government policy. However, there are still many national and city authorities that carry out large-scale forced evictions. Since there is no provision for rehousing - or when there is, this is oftentimes totally inadequate – this simply adds to existing housing problems (see Box 9). This issue is further complicated by differences in attitudes and policies among different government departments; while the department responsible for housing may have very progressive policies, that responsible for roads often develops plans for road/highway expansion that include the large-scale demolition of informal settlements.

Box 9: Evictions and the “lyari expressway” in Karachi

One of Karachi’s largest mass evictions was related to the construction of the Lyari Expressway, which started in 2001. However, by 2014, the expressway was still only half-built. After a long battle waged by the Lyari communities to defend their houses against demolition, the government finally agreed to change the expressway plan and not to demolish the remaining communities. Even so, 16,542 Lyari families had already seen their houses destroyed, with 15,045 of them receiving free 80 m² plots in government relocation colonies and cash compensation to the value of 50,000 Rupees (USD 500) to help them start again. The relocation plots were far from the city and from any job opportunities. There was no community participation in the planning and relocation process; the provision of infrastructure was incomplete; there was no drinking water; schools were built, but no salaries were provided for teachers; there were no hospitals; and there was no public transport at night. In addition, 1,478 of the evicted families received nothing, while plots of land and compensation went to some 12,000 beneficiaries who had not been evicted. Many of the families subsequently sold their plots and moved back to the city, where many had no choice but to pay very high rents for houses and rooms in increasingly over-crowded, well-established, informal settlements.

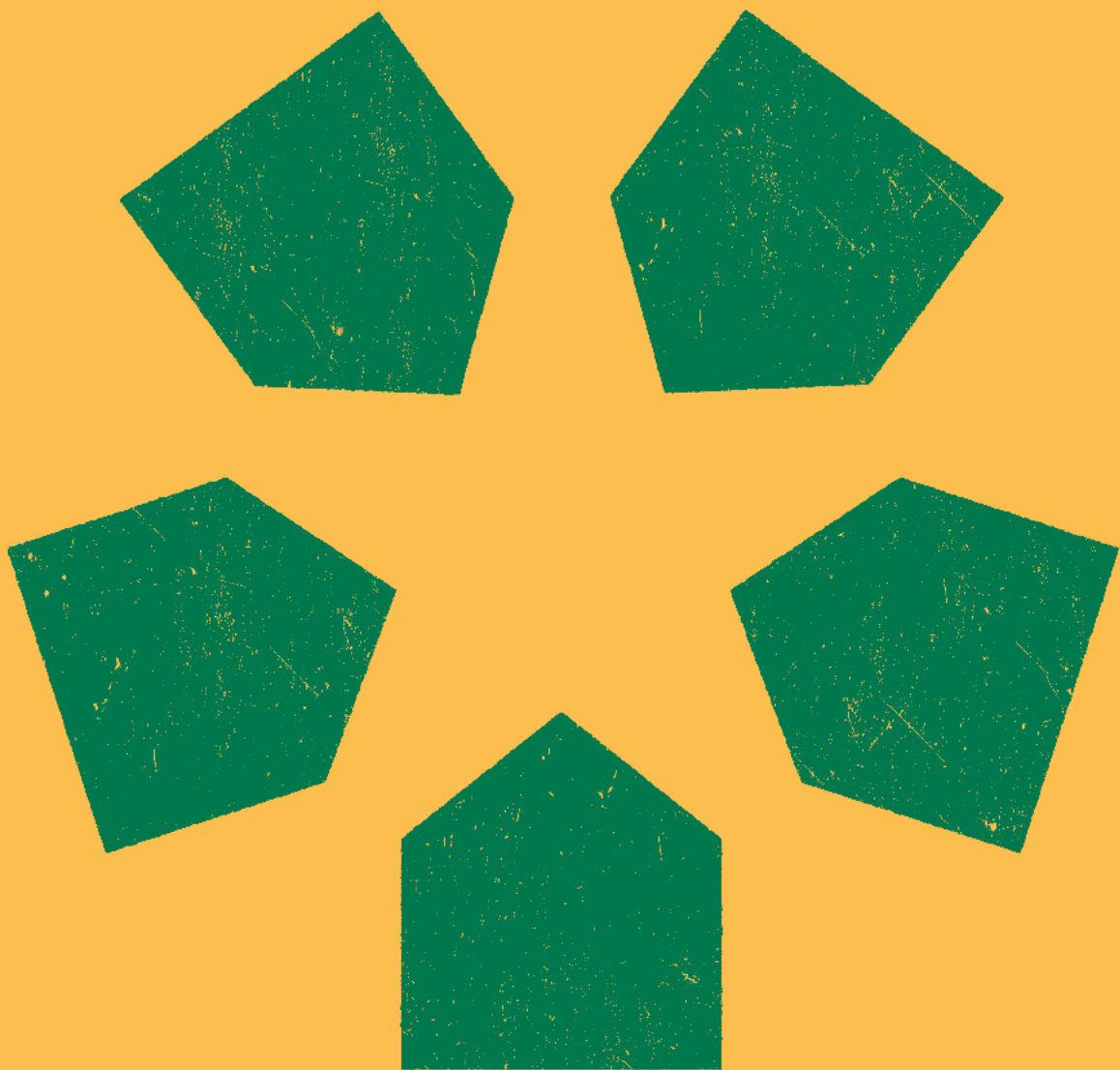
Source: Hasan, Arif, and Hamza Arif. ‘Pakistan: The Causes and Repercussions of the Housing Crisis’. London, 2018.

It is worth repeating that the relocation plots “...were far from the city and job opportunities, with no community participation in the locating or planning, incomplete infrastructure, no drinking water, schools built but no salaries for teachers, no hospitals, no public transport at night.” Sadly, comparable criticisms could be made of many other resettlement programmes.



2

Policy Experiences and the Promotion of Adequate Housing: Lessons Learned



1

Shift in national housing policies and governance: some examples

Perhaps the most profound change in housing policy in low- and middle-income countries (and some high-income ones) has been from national and local government organizations viewing informal settlements as illegal (and in need of bulldozing) to recognizing that they house a large part of the city's population and workforce (and often of its economic activity). **There is now widespread acceptance among many national and local governments of the need to upgrade informal settlements. This has, in fact, been recommended and tried for over 50 years, but what has changed is that there is now more official acceptance of it.** We can see various examples of national government agencies supporting community and local government upgrading (as in several Latin American countries and in Thailand) or of them coming to include upgrading in their national policies (as in South Africa). We can also see a larger number of LRGs playing a much more active role in housing and one that usually involves them providing a range of support for low-income groups that includes upgrading. We can see more local governments recognizing the need to act on the components of housing by, for instance, increasing the supply, and reducing the cost, of serviced house plots (as in Namibia), or supporting loans to low-income groups to upgrade or improve their homes (as in many Latin American countries). We also see many more examples of partnerships between local government organizations and the residents of informal settlements and their community associations to upgrade existing housing and build new homes.

National governments are including the right to housing in their constitutions, in their policy statements and in the commitments that they have endorsed relating to the SDGs and the New Urban Agenda. This includes the Universal Declaration on Human Rights that was endorsed by governments in 1948. Almost all national governments have signed these and other UN declarations and charters whose texts guarantee their citizens various human and housing rights. However, in most countries, these commitments have not been translated into practical, effective strategies to regularize and upgrade existing housing, or to facilitate a process for developing adequate housing for all. What may appear progressive and pro-poor policies often lack the political/governance-related changes needed to act upon them. Moreover, as discussed in Section 2 – Part 1, the SDGs include strong commitments to adequate housing and to upgrading – yet they do not mention the right to housing among the many other rights endorsed (including right to safe drinking water and sanitation).

As examples, we review here some of the new directions being taken in housing policy in China and Latin America. Then, later in this section, we look at LRG-related innovations in housing policy in Asia, the OECD nations and in other parts of Latin America.

Subsidised rental housing and home ownership are key components in Chinese housing policy, along with a Housing Provident Fund (providing housing finance to savers) and low-rent dormitories for low-income migrants (see Box 10). By 2010, the percentage of people benefiting from some kind of housing welfare had already reached 7% of the urban population.⁷² However, rapidly rising housing prices also resulted in a growing number of people needing support to purchase housing. The official target for people covered by at least one type of housing subsidy was first raised to 20% and then to 35% by 2020.⁷³

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an Xiping and Lingling Zhou, 'How to Achieve Distributive Justice via Affordable Housing (Bǎozhàng Xíng Zhùfáng Rúhé Shíxiàn Fēnpèi Zhèngyì, 保障性住房如何实现分配正义)', *People's Forum (Rénmín Lùntán, 人民论坛)* 8 (2015): 70-77.

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For more information, see Hu, Angang. 'Personal Benefits from the 13th Five Year Plan (Cóng "shísānwǔ" guīhuà Kàn Wèilái Wǔ Nián Gèrén Hónglì, 从 "十三五" 规划看未来五年个人红利)', 2016.

Housing welfare reform played a supporting role in the gradual liberalisation of the labour market by making it easier for workers to move between jobs, between sectors, and between places, including between rural and urban areas. This decoupling of housing from employment was followed by attempts to decouple housing welfare benefits from an individual's registration (*hukou*) status. The 2014 reform of the *hukou* system has the potential to end the linkage between workers' original places of birth and their housing welfare entitlements. Up until 2016, however, the national-level *hukou* policy failed to deliver the long-awaited equal treatment for the migrant population and, in particular, unskilled migrants moving from rural to urban areas. The *hukou* system continues to serve the goal of population control, which is largely about controlling labour migration to slow down population growth in China's largest cities.

One interesting characteristic of the Chinese housing system is that despite the relatively clear housing policy-making responsibilities, for many years, welfare responsibilities have been defined by centrally-dictated policies and yet local government authorities have been expected to pay for them. In the case of social housing, central government makes the policy, or expresses its policy stance, and then waits for local government bodies to come up with the resources to deliver.

Box 10: Cheap dormitory rental accommodation in China

The state has long worried about the scale of rural to urban migration and, until recently, its *hukou* system restricted migrants' access to services, welfare and housing. From 2003 onwards, migrant workers without accommodation who registered at government social support centres were meant to be accommodated and provided with food and bathing facilities. If they later wanted to return home but did not have the means, these centres were supposed to provide them with a free train ticket to do so. These temporary shelters are funded by local governments through local branches of the Ministry of Civil Affairs. In the early 2000s, for example, the seaport of Tianjin and the city of Changsha provided heavily subsidised dormitories for migrant workers. However, these were built in peri-urban areas and this made them inconvenient for migrant workers due to the long commute to work that this entailed. The dormitories were also not designed for family life, which discouraged migrants from bringing other members of their families. As the use of these dormitories was low, local government authorities became less enthusiastic about directly providing housing to migrants.⁷⁴

In other cities, various types of partnerships between the national government and employers were established to build and manage dormitories targeting low-income migrant workers. Management and maintenance were carried out by the employers or by a self-governing body of migrant workers.⁷⁵ This reduced the administrative burden on the authorities. For employers, having their workers living in one place facilitated employee management, which included arranging group commuting between these dormitories and the workplace and also organizing dining facilities and social events.

These dormitories could also be seen as part of an exploitative labour regime that aims to discipline and control the workforce and which has been designed to meet the needs of employers but not those of workers. However, when properly managed, this type of housing not only benefits

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Bingqin Li and Yongmei Zhang, 'Housing Provision for Rural-Urban Migrant Workers in Chinese Cities: The Roles of the State, Employers and the Market', *Social Policy & Administration* 45, no. 6 (2011): 694-713.

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Ying Wang, *Self-Governance for City Residents and Changes in Community Management Styles* (Beijing: Institute of Sociology, Chinese Academy of Social Sciences, 2000).

Source: Li, Bingqin. 'Housing and Housing Policies in China and the Chinese Context - Current Status Governance and Finance'. Working Papers for the UCLG Housing Report, 2018.

the national government and employers but also has benefits for employees. The quality of the accommodation and the basic services offered by employers (except in the construction sector) is usually better than that of the private rental properties that are available to rural migrant workers, particularly as they include reliable electricity and water supplies. This type of housing is also useful for new migrant workers who are not familiar with the new urban environment.

Most housing policies in Latin America and the Caribbean are based on the principle of access to property ownership, with very few cases of support for social renting.

There have also been new directions for housing policies in Latin America. While most government support has gone to housing construction programmes, there are also many programmes to upgrade neighbourhoods/local territories and to support housing improvements. Most housing policies in Latin America and the Caribbean are based on the principle of access to property ownership, with very few cases of support for social renting. Governments have also used public expenditure on housing to boost job creation.

Government interventions in housing can be divided into three categories:

- Experiences with centralized policy making and the financing of housing policies and their implementation by the private sector with relative autonomy from local governments;
- Experiences with centralized policy making and the financing of housing policies but with their implementation being controlled/overseen by LRGs, even when carried out in partnership with private agents;
- Experiences in which policy making, financing and execution are either led by LRGs or managed by them.

Box 11 gives some examples of government housing policies and how they vary in regard to the roles and responsibilities assumed by LRGs. There have also been experiences with support for housing cooperatives and self-management and loans for plot purchases.

Box 11: Examples of government housing policies in Latin America

Examples of programmes formulated and executed at the national level include: "*Programa Federal de Solidaridad Habitacional*" (Federal Housing Solidarity Programme) and "*ProCreAr - Compra y Construcción*" (ProCreAr - Purchase and Construction), both in Argentina; "*Vivienda Ya*" (Housing Now) in Bolivia; "*Programa Minha Casa, Minha Vida*" (My Home, My Life Programme) in Brazil; "*Fondo Solidario de Elección de Vivienda*" (Solidarity Fund for Housing Choice) in Chile; "*Programa Mi Casa Ya - Ahorradores*" (My House Now Programme - Savers), in Colombia; "*Banco Hipotecario de la Vivienda - BANHVI*" (Mortgage Bank for Housing) in Costa Rica; CREDIHABITAT in El Salvador; "*Construyo Contigo*" (I build with you) in México; "*Techo Propio*" (My Own Roof Programme) in Peru; and "*Gran Misión Vivienda Venezuela*" (Great Venezuelan Housing Mission), in Venezuela.

Examples of housing programmes formulated at the national level but in which local governments have played an important part in the execution, include: "*Programa Federal de Construcción de Viviendas*" (Federal Housing Construction Programme), in Argentina; "*Programa Minha Casa Minha Vida - Faixa 1*" (My Home, My Life Programme - Stage 1) in Brazil; and "*Programa de Viviendas Gratuitas*" (Free Housing Programme) in Colombia.

Experiences of housing provision by local governments with municipal resources include: the *"Programa de Realojos"* (Rehousing Programme) in Montevideo (Uruguay) which involved resettling families located in contaminated or flooded areas in new housing units built by the municipal government; the *"Complejo Residencial Estudiantil 'Edificio Livia Gouverneur'"* (Student Residential Complex) in Caracas (Venezuela), which provides university students with temporary public housing; the *"Programa de Vivienda en Conjunto"* in the Federal District of Mexico, which finances housing projects for new units and the upgrading/improvement of existing housing, preferably in areas served by public equipment, providing zero interest loans for families in vulnerable conditions; and the *"Programa Vivienda Semilla"* (Seed Housing Programme), in the province of Córdoba (Argentina), which provides loans to families who already have an urbanized plot but who find it difficult to build, expand or improve their housing.

Experiences with support for housing cooperatives and self-management: *"Vivienda por Cooperativa en Ciudad de Guatemala"* (Cooperative Housing in Guatemala City); *"Cooperativismo de Vivienda por Ayuda Mutua - CVAM"* (Mutual-Aid Housing Cooperativism - in several cities in Uruguay); and *"Cooperativas de Vivienda por Ayuda Mutua"* (Mutual-Aid Housing Cooperatives - in several countries in Central America: Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica).

Loans for plot purchase: *"Plan Lote"* programme in Montevideo (Uruguay); *"LoTengo"* Programme, in the Province of Córdoba (Argentina); and the *"Programa Municipal de Vivienda - PROMUVI"* (Municipal Housing Programme) of the Province of Arequipa (Peru) - all work in a similar way to national programmes, as do: *"ProCreAr - Lotes con Servicio"* (Lots with Service), in Argentina; and *"Adquisición de un Lote con Servicios"* (Acquisition of a Lot with Services), in Mexico.

Source: Rojas, Eduardo, and João Sette Whitaker Ferreira. 'Regional Report on Subnational Governments and Housing Policies in Latin America and the Caribbean'. Working Papers for the UCLG Housing Report, 2018.



National and local government driven upgrading

As mentioned above, a shift in the provision of public housing towards more affordable interventions through upgrading has also been taking place. One example of this is South Africa's realignment from subsidised house construction to a mixture of subsidised serviced sites and *in-situ* upgrading and housing projects – see Box 12.

Box 12: From fully subsidised homes to serviced sites and the upgrading of informal settlement in South Africa

South Africa's state-subsidised housing programme has delivered around 3.7-million housing opportunities since 1995 and is regarded as one of the most successful subsidised housing programmes in the world, in relation to the number of housing units produced. However, in spite of this programme having housed around a quarter of all South African households, housing backlogs continue to rise.

Over the last decade, there has been a shift in policy focus from delivering complete housing products in greenfield urban settlements to the provision of serviced sites and the upgrading of informal settlements. This change has come as a response to the fact that not all households can be provided with complete housing units and also due to a reduction in the relative sizes of housing budgets. Reduced investment per household for the provision of tenure, the granting of access to basic, rather than full services, and the provision of 42m² housing units has meant that the government has been able to afford to provide more households access to basic housing needs.

Over the last five years, the number of low-income households accessing serviced sites or becoming part of *in-situ* upgrading projects has increased from 20% of those receiving assistance to 45%. This shift has also had other benefits, most notably that more households receive assistance at the settlements that they currently occupy, rather than having to be relocated to new housing areas that are often located on the periphery of urban areas.

Government support for upgrading informal settlements are now a key part of housing policies in many cities and nations. Municipalities play a central role in the implementation of settlement upgrading programmes (even in highly centralised countries like Chile). Some of the more emblematic programmes (for instance Favela Bairro in Rio de Janeiro or the Medellin programmes) are fully designed and financed by municipalities.

Many upgrading programmes include policies formulated and financed by central governments and implemented by local governments, as can be seen from the upgrading programmes undertaken in Brazil, Argentina, Colombia, El Salvador and Uruguay.⁷⁶ Many upgrading initiatives have also been formulated and implemented by LRGs, such as those in Buenos Aires, Rosario and the

Source: Gardner, David. 'South African Urbanisation Review. Analysis of the Human Settlement Programme and Subsidy Instruments', 2018.

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"Programa de Aceleração do Crescimento - Urbanização de Assentamentos Precários - PAC-UAP" (Growth Acceleration Program - Urbanization of Precarious Settlements) in Brazil, "Programa Mejoramiento de Barrios - PROMEBA" (Neighborhood Improvement Program) in Argentina, "Programa Mejoramiento Integral de Barrios y Legalización de Asentamientos" (Program for the Integral Improvement of Neighborhoods and Legalization of Settlements) in Colombia, "Programa de Vivienda y Mejoramiento Integral de Precarios Urbanos" (Program for Housing and Integral Improvement of Urban Precarious) in El Salvador, and "Programa de Mejoramiento de Barrios - MVOT-MA-PMB" (Neighborhood Improvement Program) in Uruguay.

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"Programa de Integración de Barrios" (Program Neighborhood Integration) in Buenos Aires (Argentina); "Programa Urbanización de Asentamientos Informales" (Urbanization Program of Informal Settlements), in the Province of Córdoba (Argentina); the "Programa Rosario Habitat - PRH" (Rosario Habitat Program), in Rosario (Argentina); the "Programa de Urbanização de Assentamentos Populares - PROAP - Favela-Bairro" (Urbanization of Popular Settlements Program - Slum-Neighborhood) in Rio de Janeiro (Brazil); "Programa Santo André Mais Igual" (More Equal Santo André Program), in Santo André (Brazil); "Programa Terra Mais Igual" (More Equal Land Program) in Vitória (Brazil); and "Programa Mejoramiento Integral de Barrios - PMIB" (Integral Neighborhood Improvement Program) in Medellín, Colombia.

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Inter-American Development Bank, *Room for Development: Housing Markets in Latin America and the Caribbean* Washington, D.C. Palgrave Macmillan, Inter-American Development Bank, ed. César Patricio Bouillon (Palgrave, 2012), chap. Hammering Out a Housing Policy That Works.

Many upgrading initiatives have also been formulated and implemented by LRGs, such as those in Buenos Aires, Rosario and the Province of Córdoba (in Argentina), Rio de Janeiro, Vitória and Santo André (in Brazil), and Medellín (in Colombia)

Province of Córdoba (in Argentina), Rio de Janeiro, Vitória and Santo André (in Brazil), and Medellín (in Colombia).⁷⁷ In many cases, these interventions still depended, however, on national or international financing. Some national and subnational government organizations have also developed credit programmes for housing improvement, most of which have included providing technical assistance; these can complement upgrading programmes. Examples of this include programmes in Argentina, Brazil and Mexico, at the national level, and in the Province of Córdoba (Argentina), in Cali and Medellín (Colombia), in San Salvador (El Salvador), in the Federal District of Mexico, in Santo Domingo (Dominican Republic) and in Montevideo (Uruguay), at the city and/or regional levels. Costa Rica, Ecuador, Guatemala, Honduras and Panama have also run similar programmes.⁷⁸ There have also been examples of programmes funded and carried out by private companies, such as the "Patrimonio Hoy" (Property Today) programme in Mexico, which is organized by CEMEX, the largest cement company in Mexico, and provides technical assistance to self-builders through a vast network of cement distributors across the country.⁷⁹

As we noted earlier the greater acceptance by national and local governments of informal settlement upgrading means working with their inhabitants to improve conditions as in the SDG commitment to upgrade all slums by 2030. The UN Special Rapporteur on Housing noted that the international norm for the provision of tenure and services is now *in-situ* participatory rehabilitation and also that the extent of upgrading programmes across Africa still lags substantially behind demand.⁸⁰

Different approaches for upgrading

Upgrading is a term given to the measures that government and/or civil society take to improve the quality of existing housing structures and the provision of housing and community-related infrastructure and services (such as piped water, sewers and storm drains) to settlements considered to be (or officially designated as) 'slums' or informal settlements. Upgrading informal settlements often also leads to the first formal mapping of these settlements. This process can also provide each household with a 'formal' legal address that will allow them to access entitlements such as enrolling their children in public schools, receiving social protection or getting on the voter registers. Having proof of a legal address may also be needed for getting connected to piped water, sewers and electricity, a bank account, and insurance for homes and possessions. It is also important for stopping evictions.

The residents of informal settlements usually prefer *in-situ* upgrading. This is especially the case for those households that have already invested in their housing and contributed to neighbourhood improvements and where their social and economic support structures are already established.

Four issues need further explanation: differences in the extent of upgrading; the diversity of the settlements to be upgraded; the need for solutions tailored to the needs of each settlement; and the complexities of providing land tenure.

Upgrading programmes vary from those that are quite rudimentary and low-cost (providing, for instance, just a water pipe or stand post) to those that are very comprehensive (including improved housing, household and neighbourhood infrastructure and services, and secure tenure). The latter can be expensive, especially if the settlement to be upgraded is far from existing trunk infrastructure

and/or if there are high legal costs involved in sorting out, or registering, tenure for residents. Another important question relating to upgrading is that of whether the residents in the upgraded settlement will also get public services.

There is also the question of the diversity of the settlements to be upgraded. Some illegal subdivisions are relatively cheap and easy to upgrade because the land has not been occupied unlawfully and they already have settlement layouts that include roads. Obtaining tenure for a plot may, however, be expensive. Installing roads, water pipes, sewers and drains is difficult in high density settlements that lack access roads and a regular grid. Even so, and as explained later, there are examples of this being successfully addressed. Many of the better located informal settlements have densified through households building additional storeys onto their homes, or by rebuilding.

In many countries, there is a large stock of poorly maintained and deteriorated public housing, often on housing estates, that needs upgrading. This includes many high-rise buildings and even quite a lot of recently-built housing. Public housing does not work well unless there is the on-going capacity to maintain it and to manage each building and its surrounds; this is too often absent. Here, problems include: the inability of households to afford maintenance; the absence of effective community organizations with the capacity to take care of common areas; and a lack of regularization of the ownership of these units (which leads to a lack of definition of maintenance responsibilities). There is often little connection between the agencies who build these housing units and the municipal authorities who are meant to manage, maintain and service them.

There are often problems with household waste collection and drainage. This often means blocked drains and what little public area is available being covered in household waste. It is also common for lifts not to work, so upper storey inhabitants often face particular difficulties having to carry all the goods that they need up many flights of stairs. This also makes life particularly difficult for households with infants and young children and for those with limited mobility. Water supplies are often intermittent, so water may also need to be carried up many flights of stairs. Even for a family that keeps down its daily water requirements to 200 litres, when piped supplies are not working, this implies having to fetch and carry around 200 kg of water every day.

There is usually little scope for households to add extra space to their apartments. There are often particular difficulties with very high-density housing and where there is a lack of ventilation and building designs and materials favour the creation of heat islands.

Support may therefore be needed to 'upgrade' public housing units. In Chile, the "*Programa de Regeneración de Conjuntos Habitacionales*" (Housing Complex Regeneration Programme) is aimed at improving neighbourhoods initially created by government-sponsored affordable housing programmes that have deteriorated over time.

Comprehensive upgrading is usually more complex than the construction of new housing. Each settlement needs interventions that are designed to respond to the particular needs, context and funding available to its own, particular, inhabitants. This must also be in line with the resources and capacities that its inhabitants can bring to the table. This can be contrasted with new housing that governments build, or fund, 'for low-income groups', which tends to be more easily implemented and normally requires no engagement with the intended residents; although this has tended to have a very limited record of success. In most

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"Programa Mejor Vivir" and the *"Programa Mejor Hogar (Materiales de Construcción)"* (the Better Living Program and Better Home (Construction Materials) Program) in Argentina, the *"Programa Cartão Reforma"* (Renovation Card Program) in Brazil, the *"Programa Ampliación y/o mejoramiento de México"* (National Expansion and/or Renovation Program) in Mexico, the *"Programa Plan Vida Digna"* (Decent Life Plan Program) in the Province of Cordoba (Argentina), *"Yo construyo"* (I build it) in Cali (Colombia), *"Programa de Financiación Social"* (Social Financing Program) in Medellín (Colombia), *"Modelo de Agregación de Demanda y Oferta de Soluciones Integrales"* (Aggregation of Demand and Supply of Comprehensive Solutions Model) in San Salvador (El Salvador), *"Programa de Mejoramiento de Vivienda del Distrito Federal de México"* (Housing Improvement Program of the Federal District of Mexico), *"Programa Credimejora con Asistencia Técnica"* (Credit for Improvement with Technical Assistance Program) in Santo Domingo (Dominican Republic) and the *"Programa Oficinas de Rehabilitación"* (Rehabilitation Workshops Program) in Montevideo (Uruguay).

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Visit of Leilani Farha, the Special Rapporteur on the right to adequate housing to Egypt, End of mission statement, Cairo, 3 October 2018 available at: bit.ly/2Pmwki7.

Comprehensive upgrading is usually more complex than the construction of new housing. Each settlement needs interventions that are designed to respond to the particular needs, context and funding available to its own, particular, inhabitants.

informal settlements, residents much prefer upgrading to resettlement, although there are some successful examples of resettlement programmes from dangerous sites. However, these mainly worked because the local residents and their organizations were actively engaged in the planning and management processes (see the section on resettlement below).

Many upgrading projects work because they are designed locally and so fit local contexts and respond to the needs of the local population. This can be seen in a new way of addressing run-down collective housing in two cities in Viet Nam (Vinh and Hai Duong), which has involved replacing evictions with community managed redevelopment. Many of Viet Nam's old socialist collective housing projects were now being bulldozed and redeveloped and residents faced eviction and could not afford new, contractor-built, relocation housing. However, with support from the ACCA (Asian Coalition for Community Action), teams of community architects have helped communities to find a different way to redevelop their settlements and are helping them to organize their own redevelopment plans and to persuade the local government and the Women's Union to support people's *in-situ* housing redevelopment plans and to work with these active communities as partners. The goal is ultimately to mainstream community-driven housing development. One example from the city of Vinh involved a community living in 99 crowded and run-down collective rows of houses and flats where residents re-planned and reconstructed their own housing on the same site, which had originally been earmarked to house a new industrial centre. This model has already been replicated in several other areas with rows of collective housing in Vinh. The city is also seeking ways to support community-led solutions for areas with five-storey blocks of housing, which is more difficult to deal with.

Upgrading should also be underpinned by providing secure tenure to the occupiers, but achieving this is usually complex. This seems to be more common in Latin America than in Africa or Asia. Obtaining the title to the plot that dwellers occupy, or some other official acknowledgement of their tenure (and address), is often needed to secure the entitlements mentioned earlier, which include access to schools, health care, piped-water networks and (where available) cash transfers. It is also usually a pre-requisite for getting onto the voter register, setting up a bank account, and taking out insurance on homes and possessions.

Many upgrading programmes do not deal with the issue of secure land tenure. They normally provide what is easiest to achieve: microcredits, water supplies and the provision of sanitation and 'capacity-building'. In much of Asia and Africa, no-one wants to deal with the more difficult, more political (and often costlier) issues of secure land and housing. This means that the residents of many of these settlements remain at risk of eviction.

There have been more examples of land regularization in Latin America including the "*Programa de Regularización del Derecho Propietario Sobre Bienes Inmuebles Urbanos Destinados a Vivienda - PROREVI*" (Programme for the Regularization of the Right to Proprietary relating to Urban Real Estate Assets Destined for Housing) in Bolivia. In Peru, several cities have invested in land regularization (Individual titling) as a way of addressing poverty. Providing secure tenure is an important part of upgrading, although its benefits have been exaggerated, especially when it is not accompanied by other aspects of upgrading. However, the claim that, with a property title, families can get loans from banks and make use of 'dead capital' to drive development is not always demonstrable. Bank loans are generally only available to those with formal jobs and who

receive pay slips; this became evident in Lima despite the very large titling programme undertaken between 1996 and 2006.⁸¹

In much of Latin America, the upgrading of informal settlements is now widely accepted as a response that national governments should support and which LRGs should support and encourage. One important factor behind the development of this policy has been the political changes that took place in many countries and cities following the return to democracy and the increased capacities and accountability of LRGs, which have brought with them elected mayors and city governments. These have often supported land titling programmes for informal settlements and participatory budgeting. This gives each district of a city the right to influence the priorities for carrying out public works and makes city budgets more transparent. Many local government initiatives have also sought to upgrade informal settlements in ways that had not been officially earmarked for upgrading. Examples of this would include measures to expand networks providing piped water, sewers and storm drains, and electricity to almost all local residents, including those living in informal settlements. We shall return to the issue of local governance later in this section.

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UN-Habitat, 'State of Latin American and Caribbean Cities: Towards a New Urban Transition' (Nairobi, 2012).

Box 13. The case of Buenos Aires Socio-Urban Integration Plan

The example of Buenos Aires comprehensive upgrading plan shows how deliberative democracy is transforming urban policy design in what could be deemed as Latin America's most ambitious slum upgrading program.

While the total population growth of the City of Buenos Aires has not suffered important variations since the last sixty years, the population in slums has doubled during the same period. The inadequate housing conditions within the slums increasingly do not match the hopes and needs of more than 250,000 slum dwellers and have contributed to rising levels of poverty.

In recent years, Buenos Aires City Government has set out to become a more inclusive and sustainable city, with a priority of serving the city's most vulnerable populations. The Housing Authority of the City of Buenos Aires has designed an innovative Socio-Urban Integration Plan which makes focus in the process by seeking to involve the relevant actors in the decision making of the slum upgrading intervention.

Buenos Aires City program starts from the premise that the community will design and implement the plan. In practical terms, this means that instead of a top-down approach to design and implementation of the public policy, the government's action concentrates on building local capacity so that neighbors are able to engage actively in a dialogue with the government and other stakeholders to further common goals, and ultimately, have the opportunity to influence the actions that shape their lives.

Another particularity of this program is that it has an integral approach. The process is based on the three pillars of inclusion and integration that are the foundations of the Housing Authority's approach to neighborhood improvement:

- **Housing integration:** providing adequate housing and connecting basic infrastructure service networks to each home.
- **Socio-economic integration:** facilitating access to education, health centers and employment.

Source: input from the Housing Authority of the City of Buenos Aires

Negotiating a land-sharing agreement between the residents of informal settlements and landowners offers benefits to both parties, and also to the city.

- **Urban integration: connecting the neighborhood with the rest of the city by generating similar conditions of services and connectivity (streets, sidewalks, and public transportation) and domain regularization.**

This process started three years ago, and today more than 120,000 households are benefiting from this program. Important results not only include the improved access to essential infrastructure, housing, social services and loans for repayments of the housing, it also shows that when mechanisms of participation are well designed, deliberative democracy can be massive, profound and effective.

Land-sharing has become the route by which some low-income communities have achieved legal tenure. Negotiating a land-sharing agreement between the residents of informal settlements and landowners offers benefits to both parties, and also to the city. Such agreements give, sell or lease to the community one part of the land (usually the least commercially attractive part) for reconstructing housing, while the rest is returned to the landowner for development. As a result, residents may end up with a smaller area of land than they had previously and landowners only recover part of their land. However, the residents become the legal owners, or tenants, of the land that they live on, while the landlords are finally able to develop their land. An example of this can be seen in a land-sharing initiative in Phnom Penh (Cambodia). A 14-hectare government-owned site in the middle of Phnom Penh had been occupied by an informal settlement of 1,776 poor families. In the land-sharing deal, the government gave one part of this land to a private company to develop commercially, while the other part was used to construct 10 six-storey apartment blocks. These were used to house all the families from the previous informal settlement at no cost other than for maintenance and providing an electricity and water supply.

Density and densification

Low-income households need homes that are close to employment opportunities and this means that centrally-located informal settlements often densify. This particularly occurs when the those who own buildings decide to add on extra floors to either accommodate expanding families or to rent out. Building owners may also enter into agreements with formal, or informal, developers to turn existing housing plots into multi-storey apartment blocks. In such cases, the developers usually give the owners a few apartments in the new building in exchange for their property. Such practices can be found in many inner-city informal settlements in Delhi, Karachi and Mumbai. This kind of densification is associated with problems of plumbing, sanitation, ventilation and light, and can create serious heat islands. However, for many of the urban poor, staying in, or close to, the city centre is necessary for their survival. It is also often cheaper to rent a cramped dwelling in the city centre than to buy a house on the periphery. This kind of informal densification and development is influencing the shape of an increasing number of Asian cities.

Many informal settlements are now so dense that upgrading can prove problematic. There are, however, good examples of community organizations that have managed to do this. In Pune (India), the upgrading of the Mother Teresa Nagar settlement, which was managed by *Mahila Milan* (Women Together, a federation of women slum and pavement-dweller savings groups) and Mashal

(a Pune-based NGO) showed how upgrading was possible, with only a minimal level of rehousing, and with those who had to move being rehoused in four-storey buildings within the same settlement.⁸² It involved a lot of negotiations as no-one wanted smaller plots that were necessary to create space for infrastructure. But for the inhabitants, it meant minimum disruption and no need to relocate. The involvement of communities at every step in the process have given residents more agency. In addition, the local government changed project tendering norms (a first in India) to enable NGOs to participate in the implementation of this subsidised housing scheme in Pune.

Box 14 gives an example of government support for land/plot sharing in Casablanca's 'slums' that improved living conditions, secured tenure, and created over 20,000 new, affordable housing units.

Box 14: A new model for financing upgrading in Casablanca

A new approach to redeveloping existing slums in Casablanca offered a more efficient way to use scarce land. Two households are allocated the same 80m² residential lot and given the right, and assistance, to build a four-storey building, with each family being allocated two floors. Despite the price of the land being subsidised, the average construction cost borne by each household is between €18,000 and €21,000. To further reduce costs, the two households can then contract a "third party associate" to finance and construct the building, and also to pay for the land. The average cost borne by each the households is then 70,000 DH (€6,200). In return for financing the construction, the third party takes ownership of the two remaining floors (normally taking the ground floor and the 1st floor) and has the option of living in, renting, or selling the space transferred to them. Ten years after its launch, this approach has enabled thousands of families, sometimes with very modest incomes, to improve their housing conditions and become homeowners, often free of charge and/or without incurring any debt. This has also generated a lot of employment and brought between 20,000 and 30,000 affordable housing units into the Casablanca housing market.

There are many examples of space-efficient, dense layouts of small-footprint rows of housing. Almost all of the 1,080 communities that have been established by the *Baan Mankon*-supported housing projects in Thailand have involved plans for tight rows of housing in which everyone has their own plot. Most projects can achieve a density that is comparable with mid-rise apartment blocks, but providing much larger amounts of living space per family and a lot more community space. They are therefore preferred by residents. This is illustrated by the housing developments in the Suan Phlu community, in central Bangkok - see Box 15.

Box 15: Comparing high density low rise with 5-storey apartments in central Bangkok.

When a fire destroyed 1,200 houses in the Suan Phlu community, half of the residents decided to design and rebuild their housing (in a tight layout of 2-storey rows of housing) with support from the *Baan Mankong* Programme. The other half did not want the meetings and complications of a community design process so they decided to let the National

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Sheela Patel, 'Upgrade, Rehouse or Resettle? An Assessment of the Indian Governments' Basic Services for the Urban Poor Programme', *Environment and Urbanization* 25, no. 1 (2013): 177-88; Sundar Burra, Diana Mitlin, and Gayatri Menon, 'Understanding the Contribution of the BSUP (JNNURM) to Inclusive Cities in India', ESID Working Paper No. 97, 2018.

Source: Gardner, David, and Olivier Toutain. 'Africa Report on Housing'. Working Papers for the UCLG Housing Report, 2018.

Source: ACHR (2018), *Housing Policies in the Asia Region*, Asian Coalition for Housing Rights, Bangkok.

Housing Authority build standard 5-storey blocks of flats for them, which they would then purchase by instalments. A comparison of the two projects showed that they had similar densities (about 1,500 persons per hectare), but that the dweller-built rows of housing offered families roomy, 2-storey and 3-storey houses with 75 m² of expandable living space for USD6,000 per unit, while the NHA flats offered residents only 33 m² of non-expandable living space for USD9,700 per unit.

The whole point of upgrading is to avoid displacing residents, especially since most of the 'resettlement' schemes offered as alternatives are at locations which are far from services and labour markets. Box 16 gives an example of how strong advocacy by communities and elected officials for *in-situ* upgrading of informal areas halted a planned relocation in Rabat.

Box 16: Advocacy for *in-situ* slum upgrading in Rabat's Cities without Slums Programme

The City of Rabat's 2020-12 City Development Plan sought to address the pressing issue of slums within the national "City Without Slums" (CWS) programme. Al Omrane, a central-government-sponsored, special-purpose development and holding company, which is tasked with implementing the CWS programme, proposed several different intervention scenarios to local authorities and elected officials. One of these included the relocation of slum households currently settled on public and private land.

Taking the opportunity to hold consultation meetings in 2011, as part of the participatory diagnosis stage of the CWS programme, local slum associations and elected representatives (including mayors / presidents and councillors from various neighbourhoods) lobbied against the relocation of households to new areas which were considered economically unsustainable and socially marginalised. Given the strong advocacy of the communities and elected officials for the *in-situ* upgrading of informal areas, the *Wali* of Rabat halted plans for the relocation of around 5,000 households currently living in slums who were going to be moved to peripheral areas and to the new city of Tamesna.

Source: Gardner, David and Olivier Toutain (2018), *Gold V Africa Report on Housing* (second draft), Centre for Affordable Housing Finance in Africa (CAHF).

Community and LRG-driven upgrading

Many upgrading initiatives have been started by community organizations and resident associations. These include many promoted by federations of slum or shack dwellers, in over 30 different countries. They have been supported by Slum/Shack Dwellers International (SDI) and by the Asian Coalition for Housing Rights (ACHR).

These initiatives are particularly important because these grassroots organizations and federations want to work with local government organizations. They recognize the limits in the scale and scope of what they can do alone. They recognize that they cannot build trunk infrastructure, but they can do a lot to facilitate and support local government action. In fact, many upgrading initiatives have involved processes of co-production, in which residents and

their organizations have worked together with local government to help provide services and shelter.⁸³

The community organizations and federations mentioned above have developed methodologies to document and map informal settlements, and have applied these to thousands of informal settlements in over 500 cities, as part of 'Know your City' campaigns.⁸⁴ In a growing number of cities, residents' organizations supported by grassroots leaders and local NGOs are currently mapping and quantifying their informal settlements, with this eventually gaining support and recognition from local governments.⁸⁵ Such initiatives provide the data and maps needed to plan the installation or upgrading of infrastructure: they provide the information needed for community-led upgrading. This is also a mechanism for promoting community identity and organization, which are prerequisites for inclusive community action. Community-led data collection can also include the quantification of informal settlements. Each structure can be numbered, and each household interviewed. In effect, this is like a census and the resulting data can also be used to support the formal registering of land titles.

These grassroots federations use the community-led documenting and mapping of informal settlements to engage with local governments. For instance, the South African SDI Alliance has secured government tenders in the Western Cape to profile and quantify over 100 informal settlements for the purposes of city-wide urban planning.⁸⁶ The Kenyan Homeless People's Federation has undertaken upgrading schemes in several informal settlements. It is also currently developing an upgrading plan for the 101,000 households that live in Mukuru (Nairobi), with support from local government.⁸⁷ These participatory approaches take a pragmatic view of current urban and housing conditions and seek to establish realisable and implementable programmes.

In Thailand, the *Baan Mankong* programme implemented by the Thai government's Community Organizations Development Institute (CODI) is an illustration of what it is possible to achieve with a mixture of government-supported upgrading led by community organizations.⁸⁸ The CODI is a national government agency that provides infrastructure subsidies and housing loans directly to community organizations working in informal settlements. These community organizations then plan and carry out improvements to their housing and/or develop new housing. Their work includes negotiating to purchase or lease sites, or parts of sites, from their current owners (land sharing). If this is not possible, they try to find another site close by. They then work with local governments and utility suppliers to provide, or improve, infrastructure and services, such as ensuring that each household is connected to the mains water supply. To date, 1,035 housing projects have been implemented in 405 cities, reaching all of the country's 76 provinces. These projects have provided secure land and housing for 105,739 urban-poor households (which is between a third and a half of all the urban-poor households in Thailand).⁸⁹

The programme aims to go well beyond making physical improvements and providing secure tenure. As physical change is something immediately tangible, it can offer a potent way to bring about other, deeper but less tangible, changes to social structures and managerial systems, and can build confidence within poor communities. As each community prepares its upgrading plans under the *Baan Mankong* Programme, local people can consider how to develop their settlement and their lives, in ways that go well-beyond simply improving their housing and physical conditions. As the programme works to promote a much more comprehensive and holistic kind of community development, which offers

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Elinor Ostrom, 'Crossing the Great Divide: Coproduction, Synergy, and Development', *World Development* 24, no. 6 (27 July 1996): 1073-87.

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More details on community-led planning and profiling of informal settlements in 478 cities available at: <http://knowyourcity.info/>

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Sheela Patel and Carrie Baptist, 'Documenting by the Undocumented', *Environment and Urbanization* 24, no. 1 (2012).

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Y. Hendler and W. Fieuw, 'Exploring Partnerships with Local Government: A People's Led Approach to Settlement Upgrading', 2018.

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Kate Lines and Jack Macau, 'Muungano Nguvu Yetu (Unity Is Strength): 20 Years of the Kenyan Federation of Slum Dwellers', IIED Working Paper, 2017.

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Somsook Boonyabancha, 'Baan Mankong: Going to Scale with "Slum" and Squatter Upgrading in Thailand', *Environment and Urbanization* 17, no. 1 (26 July 2005): 21-46, <https://doi.org/10.1177/095624780501700104>; Boonyabancha, 'Land for Housing the Poor by the Poor: Experiences from the Baan Mankong Nationwide Slum Upgrading Programme in Thailand'; Somsook Boonyabancha and Thomas Kerr, 'Lessons from CODI on Co-Production', *Environment and Urbanization* 30, no. 2 (2018): 444-60.

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Asian Coalition for Housing Rights, 'Housing Policies in the Asia Region'.

improvements to all aspects of people's lives, each community is also required to take into consideration - and budget for - the following four aspects, within their comprehensive upgrading plans:

- Infrastructure development plans that communities prepare should include such items as: land filling, paved lanes and roads, water supply and electricity networks, storm and sewage drainage, and solid waste disposal, at both the household and community levels.
- Environmental development plans should also include tree-planting and greenery, house painting, canal cleaning, community gardening, wastewater and rubbish recycling, alternative energy systems, playgrounds, and recreational areas, etc.
- Social development plans for the community should include establishing a central welfare centre, youth and day-care centres, clinics, hostels for the poor and/or elderly, community centres, cooperative offices, multi-purpose pavilions, communications systems, and fire-fighting facilities, etc.
- Economic development plans for the community should include developing markets or community stores, establishing conservation and/or tourism areas, enhancing people's earnings through promoting community-based businesses, providing loans for small businesses, giving support for household workshops, and/or providing vocational training.

The town of Chum Phae provides an example of how the *Baan Mankong* Programme works (see Box 17).

Source: Asian Coalition for Housing Rights. 'Housing Policies in the Asia Region'. Working Papers for the UCLG Housing Report. Bangkok, 2018.

Box 17: Holistic development in Chum Phae, Thailand.

This small manufacturing city has attracted increasing numbers of poor, rural migrants looking for work in its factories. Since 2004, the city's strong and women-led community network has organized savings, carried out citywide surveys of slums and scattered squatters and room-renters, and worked with the local authorities, other stakeholders, and the CODI to develop citywide plans. These plans include constructing a range of low-cost housing projects, carrying out some in-city upgrading, and organizing some relocation to free government land. By 2018, 13 housing projects had been finished and Chum Phae is now well on its way to becoming Thailand's first city to achieve 100% secure housing for all.

Among other innovations, this project includes a children's savings scheme, a communal rice farm to support the elderly, almost 100% community membership in a savings scheme, and a "healthy food production" programme in which communities grow their own organic fruit and vegetables and raise their own fish, poultry and livestock. There are also active groups for the elderly, children and young people, health promotion programmes, a welfare fund, community schemes for providing clean, bottled, drinking water and other household items to help reduce household expenditure. The network's City Development Fund, which was launched in 2009, also provides loans for purchasing land and carrying out house construction and repairs, but also reserves 22% of its capital for loans to support livelihoods, education and debt repayments. The fund's first loan went to a squatter community of 293 families to help them buy new land. The Fund also gives grants to subsidize house construction for extremely poor families and to enable them to join the upgrading projects in their communities. The community network has

also established a joint city committee, which includes representatives from local communities, local government, local NGOs and professionals, and is chaired by the mayor. This committee meets regularly and discusses problems and seeks to find consensus solutions.

The work of the CODI is particularly significant for six different reasons: the scale of its work; its provision of secure tenure; the extent of community-involvement; the extent to which it seeks to institutionalize community-driven solutions within local government structures; the way it blends funding from various different sources; and how its scope reaches beyond basic development.

The extent of community-involvement in the CODI and the extent to which it seeks to institutionalize community-driven solutions within local government organizations can be seen as part of an enormous transformation process that has been evident in many Asian countries over recent decades and which seeks to address how communities of urban poor relate to, and interact with, each other and also with local government organizations and other stakeholders. Thirty years ago, when large-scale evictions were taking place in many Asian cities, the poor were left isolated, traumatized and on the defensive: the relationship between these informal communities and the cities that they lived in was antagonistic and the only tool that these people had was to protest and show signs of resistance. Back then, when local government organizations did try to work, in a rather scattered way, with some individual groups of poor people, or with certain individual settlements, they were unable to provide comprehensive changes or lasting solutions. Since then, however, Asia's urban poor community movement has grown in both strength and sophistication. Poor communities are now organized in most Asian countries; they have savings groups, they have information, they have ideas, and they have networks and federations at the city, region and national levels, and they also have pragmatic solutions. These community networks can now muster the energy and resources of large numbers of people and can provide a bridge between individual poor families and their local governments, making them effective development partners. They are now also ready to enter partnerships with their respective cities.

Community networks have become crucial to Asia's urban poor movement because poor families and/or communities have little or no power on their own and can otherwise do little to bring about significant changes to their lives. **It is only when they come together in larger groups at the community, city, regional and national levels that they can begin to collectively address their problems with strength and organization.** As a platform for large-scale development which involves a synergy of learning, experience-sharing, morale-boosting and mutual inspiration, community networks and federations have given Asia's poor people's movement enormous confidence and created a development mechanism which belongs entirely to them. Community networks have now emerged and grown strong at many different levels and in many forms all over Asia. In fact, these networks have become the main community-driven development mechanism for Asia's community-driven housing movement.

Community networks and federations of this type are now mature and active in hundreds of Asian (and African) cities. Many are also already working in close partnership with their respective local government organizations and also with other development stakeholders.

The next important step will be to link these active city networks with other cities and other development processes in the country in order to create a larger,

country-wide learning and mutual aid process and to demonstrate the power of development based on people power and to further expand it. Through these national links, citywide processes are also helping to nudge, previously scattered, development initiatives and breakthroughs into a new people-driven development model that is a force throughout the country.

The ways in which community organizations and slum/shack-dweller federations have developed methodologies to document and map informal settlements has already been described. At other locations, new models for participatory data collection and citizen-driven planning and upgrading are currently providing new insights into how residents, and their organizations, can be active participants in development. Box 18 gives another example of this approach, taken from Tunisia.

Source: Gardner, David, and Olivier Toutain. 'Africa Report on Housing'. Working Papers for the UCLG Housing Report, 2018.

Box 18: Implementing post-revolution local democratic processes through participatory planning and development in three irregular settlements in Tunisia.

Tunisia was already innovating in the upgrading of informal settlements in the 1970s. This helps to explain the low proportion of its urban population currently living in 'slums' and the high proportion that have water piped to their premises and sewer connections. The Agency for Rehabilitation and Urban Renewal (ARRU) has recently launched a new programme for the rehabilitation of housing. This public agency, which operates under the supervision of the Ministry of Equipment, Housing and Territorial Development (MEHAT), is responsible for providing basic infrastructure, utilities and public spaces, as well as making ad-hoc housing improvements in informal settlements. Within a new decentralized governance framework, both the MEHAT and ARRU aim to improve the efficiency of public interventions by implementing a programme of local participation and consultation which actively involves communities and municipalities. This includes the up-front identification of inhabitants' needs and expectations in terms of the provision of urban services, the use of public spaces and sociocultural amenities. It also entails assessments of existing actions and of the capacities of local social actors, such as neighbourhood associations and other civic bodies, as well as efforts to raise awareness of these participatory approaches. The programme aimed to upgrade 146 irregular settlements in 99 communes.

The programme was launched, via a pilot project, in three neighbourhoods. Participatory workshops were organized that included representatives from the ARRU, various municipalities, community representatives, women's groups (albeit with limited representation) and local development associations. The participants were invited to speak freely about their neighbourhoods and to collectively identify local perceptions, daily practices and uses of space, and also constraints on development, such as areas prone to flooding and traffic congestion. A map-based participatory diagnostic and planning process was used to identify problems and to think through potential solutions and interventions. Discussions were also held with municipal officials and the ARRU to ensure that they would buy into the needs and priorities that were identified.

This process resulted in the community having an increased ownership of the planning process, which resulted in better-designed interventions

that were fully supported by the affected communities. Interventions included providing access to basic services, roads, public spaces and community facilities, as well as the provision of commercial buildings. While it is still too soon to declare this new approach a complete success, initial observations suggest very positive outcomes, particularly from the point of view of the local community and the other actors involved. This has been despite some heated debates at times. Finally, however, it has been possible to balance personal interests and developmental expectations against the resources available. This process has set a successful precedent for how post-revolution development processes can help to embed democratic principles in local communities



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Local and regional governments' innovation in housing policy

This section looks at LRG innovations in housing policies in Latin America, Asia and OECD nations. Over the last five decades, housing policies in Latin America have proposed new ways to produce housing units and to regularize land in precarious settlements. The policies developed under the leadership of local government organizations, or in partnership with them, present some of the most interesting examples of housing initiatives that promote and safeguard the right to housing and the right to the city.

Box 11 above gave details of various housing policies in Latin America. They included: (1) local government experiences with the provision of housing using municipal resources; (2) a rehousing programme in Montevideo (Uruguay) which resettled families from contaminated and flooded areas into new housing units; a residential complex for university students in Caracas (Venezuela); (3) a housing programme undertaken in the Federal District of Mexico, which finances new units and upgrades/improves existing housing, particularly in areas well-served by public infrastructure and with zero interest loans for families in vulnerable conditions; and (4) the Seed Housing Programme, in the province of Córdoba (Argentina), which provides loans to families who already have an urbanized plot but who find it difficult to build, expand or improve their housing.

These four programmes differ from traditional mass-production policies which provide the same standard units for everyone without paying attention to the specific needs and priorities of each household (a problem that is evident in many African and Asian nations too). Two of the programmes include providing support for households to upgrade their existing homes. All of them address very specific beneficiaries: students; families in vulnerable situations; households at risk of the effects of climate change or of extreme weather; and households with plots that they cannot afford to build on.

Section 2 – Part 1 emphasized how each individual or household seeking accommodation has their own particular needs and preferred trade-offs. LRGs have, or should have, the capacity to respond to diverse local needs and priorities, especially where they have made efforts to encourage this: through, for example, what neighbours have prioritized in participatory budgeting. There are many examples which show the ingenuity of local governments when it comes to addressing the very specific needs and demands of from their constituents.

Brazil is a reference in terms of LRGs playing an important role in urban and housing policy, even though this is mainly observed in large cities. As mentioned above, the new Federal Constitution of 1988 delegated responsibility for urban policy to the municipalities. Every city with more than 20,000 inhabitants was then required to formulate its own Master Plan. It had to provide guidelines for the orientation of municipal urban policy covering such issues as land issue and finding housing solutions and also the instruments required for financing these policies. Larger municipalities, with a greater capacity to collect taxes and urban space production fees, usually present the best results and the most effective policies.

The 2005 federal law that created the “*Sistema Nacional de Habitação de Interesse Social - SNHIS*” (National Social Interest Housing System) also requires municipal authorities to establish a Municipal Housing Council. Municipalities have to set up these Councils which deliberate on the allocation and use of finan-

Over the last five decades, housing policies in Latin America have proposed new ways to produce housing units and to regularize land in precarious settlements.

cial resources from the “*Fundo Municipal de Habitação*” (Municipal Housing Fund). In 2017, 3319 Brazilian municipalities (60%) had active housing councils, but only 1680 of them (50%) had held at least one meeting, or hearing, during the previous year.⁹⁰

Government support is also available to smaller Brazilian cities to help them develop housing plans. However, smaller cities often lack the technical expertise to develop their own plans. To benefit from transfers of federal government resources from the “*Fundo Nacional de Habitação de Interesse Social – FNHIS*” (National Social Interest Housing Fund), Brazilian cities must prepare and approve “*Planos Locais de Habitação de Interesse Social - PLHIS*” (Local Social Interest Housing Plans) and also establish their own Municipal Housing Fund. Doing this also brought many municipalities into planning housing, as they sought to address quantitative shortages and to upgrade precarious settlements. By 2017, 2,212 of around 5,300 cities had established housing plans, although only 1,434 of these were connected to these municipalities’ urban development Master Plans⁹¹

One example of how housing policy has become a municipal responsibility can be seen in the state of Goiás, where the state government has actively helped its municipalities to develop local social-interest housing plans. This initiative has also received support from the federal government. According to the city manager of the city of Americano do Brasil, a municipality with only 6,000 inhabitants, before the training sessions and housing planning, there was little chance of making housing improvements, but now there is direct municipal action in housing and urban development.

Colombia provides a good example of national government policy creating ways to support LRGs in the preparation of “*Planos de Ordenamento Territorial*” (Land Management Plans). The national law of 1997 placed the support of various national government bodies, including the “*Ministério do Interior*” (Ministry of the Interior), the “*Viceministério de Vivienda, Desenvolvimento Urbano y Agua Potable*” (Vice-Ministry of Housing, Urban Development and Drinking Water) and the “*Instituto de Hidrologia, Meteorologia e Estudos Ambientais*” (Institute of Hydrology, Meteorology and Environmental Studies) at the disposal of the municipalities (article 23 of Law 388/1997).

Another example of a national government increasing the capacity of local government in this area comes from Argentina. There, the Federal Programme for the “*Fortalecimiento de las Áreas de Desarrollo Urbano de los institutos Provinciales de Vivienda*” (Strengthening of the Urban Development Areas of the Institutes of Housing) granted greater autonomy to local housing agencies, which included the technical capacity to formulate local housing policy. The Programme established a partnership between the country’s central and provincial governments through which each party would assume 50% of the investments needed. As a result, provincial agencies now support local government agencies in multiple actions, which include measures to improve infrastructure and technical training. In this partnership, provincial housing agencies assume responsibility for identifying vacant plots of land in the municipalities under their jurisdiction that could be dedicated to future social housing.

The “*Plan Estratégico de Vivienda (2012-2016)*” (Strategic Plan for Housing), designed by the “*Instituto Provincial de la Vivienda - IPV*” (Provincial Housing Institute) of Mendoza, is another example of how it is possible to structure a plan with several lines of action that can meet different needs of the local population. These have included providing government-subsidized programmes

for low-income groups that include land regularization, housing improvements, neighbourhood improvements and the production of new housing. It also makes provision to provide credit for middle- and middle-low income families.

Mexico City created the “*Instituto de Vivienda – INVI*” (Institute of Housing) to develop housing policies for low-income groups and for the residents of risk areas. It supported the construction of good-quality new housing units in areas provided with good infrastructure, services and jobs. It also provided hundreds of thousands of loans to low-income families to help with housing improvements or new housing. It also provided support for the recovery of the mortgages of families that could no longer make loan repayments to private banks.⁹² The INVI also obtained some interesting results working with popular organizations, tenants and local communities on social housing projects.⁹³

There have also been some interesting local government innovations in housing policy in Asia. These include the local housing board of Iloilo (the Philippines), which opened up more space for the LRGs and civic organizations to work together to address the city’s serious housing problems. This also responded to an executive order, issued in 2008, instructing municipal governments to establish collaborative local housing boards (LHBs). Most of them went no further than to continue approving the demolition of dwellings occupied by the urban poor dwellings. However, the city of Iloilo was among the few that saw the LHB as offering a way to address local housing needs in a more local, participatory and comprehensive way, and also on an ongoing basis (see Box 19).

Box 19: The local housing board in Iloilo, the Philippines

Many members of Iloilo’s low-income population live on sites along the coast and by waterways that are constantly threatened by typhoons and flooding. The city itself has a long history of action on land acquisition, housing, upgrading infrastructure and post-disaster rehabilitation, as well as a very active and mature community network. The local branch of the Philippines Homeless People’s Federation (HPFP) in Iloilo has promoted savings, developed several housing and land acquisition projects, supported infrastructure upgrading, developed cost-saving alternative building materials, and linked up with other community networks in the city to form a citywide urban poor alliance. The city’s mayor and the municipal government have established partnerships with community organizations and with a variety of NGOs and charities in order to develop a range of housing relocation and disaster rehabilitation projects.

Thinking and working in ways that are truly citywide has long become standard operating procedure in Iloilo. Therefore, when the Local Housing Board order became law, in 2008, it offered a new tool to help deal with serious housing problems in more comprehensive and citywide ways. The LHB included representatives from the urban poor federation and became a new platform through which to collaborate to solve all of these housing issues at the city scale. This included promoting citywide savings (almost all the communities have a savings group) and a citywide urban poor network (linking the city’s three poor community federations and providing a platform for discussion on tackling common issues with their collective strength). It also included the establishment of a citywide partnership between the urban poor and the local government, in which community leaders and their networks form part of the city’s formal

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E. V. Rangel, ‘Utopías y Políticas Públicas: Los Procesos de Gestión de la Vivienda Social En El Distrito Federal 2001-2006, Desde la Mirada de una Institución Pública Local, El Instituto de Vivienda del Distrito Federal’ (Universidad Autónoma Metropolitana, Ciudad de México Azcapotzalco, 2016), 223.

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Rangel, ‘Utopías y Políticas Públicas: Los Procesos de Gestión de la Vivienda Social En El Distrito Federal 2001-2006, Desde la Mirada de una Institución Pública Local, El Instituto de Vivienda del Distrito Federal’.

Source: Gardner, David, and Olivier Toutain. 'Africa Report on Housing'. Working Papers for the UCLG Housing Report, 2018.

planning process and are involved in urban development issues which affect them, such as housing, land tenure, relocation and disaster rehabilitation. Citywide settlement upgrading was promoted, with the urban poor community network and local authorities working together and combining their resources, as was citywide disaster rehabilitation, with city administrations and community networks working closely together to ensure that those living on dangerous sites can move to safe, secure land and new houses, as communities, and build up the city's protection against floods and storms in ways that do not displace and impoverish people. Citywide relocation strategies were also put in place, forming a citywide alliance of urban poor federations working closely with the city to resettle poor communities on dangerous sites, although all relocations are voluntary, within the city, and no more than 4-6 kms away, and all relocations come with secure land titles, which inhabitants can obtain after paying for inexpensive land in instalments. Citywide housing and finance strategies were set up to support all of the above.

Two other examples of local government involvement in regularizing tenure and upgrading also deserve attention. The first involves the regularizing and upgrading of a large squatter settlement in Mandaue, the Philippines. This was the largest informal settlement in the Philippines, with 1,600 families and located on 9.2 hectares of public land in the heart of the city. After successive local government administrations had tried to evict the families, a fire burned down part of the settlement. The progressive mayor of the time used the humanitarian crisis resulting from the fire to convince the city council to agree to donate these 9.2 hectares of land to the people who occupied it. This was the first step towards enabling these communities to upgrade their housing and to make it safer, more permanent and healthier. The 1,600 families affected divided themselves into 11 separate communities, each of which registered with the local administration as a Homeowners Association (HOA) in order to create a collective legal body that could assume ownership of the land. Several of these HOAs began to negotiate with the local government and with other donors who provided funding for a community-planned and community-built housing and infrastructure upgrading process. The local government helped provide internal infrastructure and the people built or upgraded their own houses. The city is also working with the Homeless People's Federation of the Philippines and the urban poor alliance to develop a 6.5-hectare site for relocating 1,300 families living in hazardous areas around the city. This land is well located in relation to jobs.

The second example involves the regularizing of existing slum communities with the provision of secure land tenure in Odisha State, India. This was initiated by the Odisha state government and was notable for its scale. In May 2018, the Indian state of Odisha (formally called Orissa) formally handed over individual land titles to over 2,000 slum dwellers who had been living in the Ganjam district for many years. In 2017, the Odisha Land Rights to Slum Dwellers Bill had given families living in existing urban slums (which accounted for some 50% of the state's urban population) individual rights to the land that they already occupied, granting them up to a maximum of 60 m² per household (in the more peripheral notified council areas) and up to a maximum of 45 m² (in the inner-city municipal council areas). These property rights also entitle the residents to a housing unit of a size and cost determined by the state. These land rights are inheritable and can be mortgaged, but they cannot be transferred. The land rights are given *in-situ*, unless the land is untenable

and rehabilitation is necessary; in that case, plots are provided in relocation areas, on the same terms.

A commitment to the citywide upgrading of informal settlements constitutes a profound change in policy by national and local levels of government. A second profound change is recognizing the many ways in which they can increase the supply, and reduce the cost, of housing by addressing constraints on supply by: expanding the supply of serviced plots for housing; using high-quality public transport to improve the access of low-income groups to labour markets; seeing what housing finance systems can do to support incremental housing; and changing inappropriate regulations. As these supply constraints are reduced, there should be more scope for households, community organizations and the private sector to expand the provision of housing.

A commitment to the citywide upgrading of informal settlements constitutes a profound change in policy by national and local levels of government.

Box 20: Taipei City's housing policy - a diversity of means to increase the housing stock

The Taipei City's housing policy has consulted numerous experts and referenced the experiences of urban development worldwide. Increasing housing stock through diverse means has thus been established as the primary focus of housing policy, and the efforts of the present promotion stage are focused on the renting out of existing public housing and newly constructed social housing, continual renovation of old public housing, and the collaboration of public and private sectors in providing rent subsidies and services such as chartering and management of social housing. Between 2015 and 2018, the constructions of 19,802 units of social housing were planned, and 15,524 housing units benefited from rent subsidies and chartering and management services.

In the future, diverse services will continually be provided in accordance with housing regulations to help citizens find high quality and affordable houses. In practice, resources from the private sector will be introduced into the TOD (transit-oriented development) of strategic areas with incentives for additional floor areas, and into the EOD (education-oriented development), or 5E-oriented development (education, evolution, economy, ecology, and equity), that encourages the integrated use of public buildings. Additional land will be acquired through continual inventorying of low-development or unused public land, incentives for changing designated land use, and collaborative projects with the central government. The City will also continue to acquire additional housing units through joint development, urban renewal, and renovation of government employee housing owned by the City of Taipei.

In terms of services for social housing, the City will maintain its collaboration with the central government to implement tax reforms, tax benefits, rent subsidization, and the chartering and management of housing units. This encourages the entry of unused houses into rental housing market, thereby increasing the residential options of citizens. The city government is duty-bound to satisfy citizens' residential needs. Therefore, it will strive to increase the availability of social housing through every possible means, and continue to work with the central government to construct new social housing.

Source: input from the Taipei City Government

During the 1980s and early 1990s, in many countries, housing policies came to reflect what was termed “the enabling approach”.⁹⁴ This recognized the advantages of private markets for land, building materials, finance and finished housing as a means of obtaining cost reductions, a greater diversity of housing, and a rapid response to changing demands, and all within a broader framework that addressed the problems of areas where private unregulated markets did not work very well. Private firms and civic institutions (including NGOs, voluntary agencies and community organizations) were, at the time, seen as more cost-effective producers and providers of many housing-related services than government bureaucracies, although when adopting enabling approaches, governments still retained a key role as regulators, guarantors and enablers.

The main worry with this approach was that it was often used as a justification for market-based approaches while other key aspects of housing were ignored. It was also often employed at the expense of longer-term investment and planning and has also been criticized for ignoring how powerful interest groups were able to manipulate the way markets work to their advantage. These and other criticisms led to a re-emphasis of the limitations of market mechanisms and reasserted the importance of strong government and social action.

Relocation/Resettlement

Earlier in this section, numerous examples were provided of how *in-situ* upgrading replaced eviction and redevelopment. The examples cited included run-down collective housing in two cities in Viet Nam (Vinh and Hai Duong) and the organization of communities in hundreds of informal settlements in Thailand, with support from the CODI, and of many informal settlements in India, and also the specific case of Rabat.

There are also examples of ‘upgrading’ that has not really involved upgrading, but rather the clearance of informal settlements, the construction of new houses/apartments on the same sites, and leaving many of the original residents unable to obtain or afford housing.⁹⁵

There are also many instances in which *in-situ* upgrading is simply not possible. These include instances where landowners refuse to transfer land tenure or the site is too dangerous to develop. In addition, addressing the vast deficit in infrastructure will inevitably require some land clearance, including land currently occupied by informal settlements. The issue here is therefore how to carry out relocation without prejudicing those who need to be relocated. Here are some possible guidelines based on past practice:

Engage with those who need to move to find solutions that meet their needs: Good examples of this were the resettlement programmes for households living very close to railway tracks in Mumbai and Nairobi and of informal settlers living on sites subject to a high risk of flooding in Mandaue, Iloilo and Montevideo. In Solo, Indonesia, local government provided financial support to households living at sites prone to regular flooding to help them find and build on safer sites.⁹⁶

Minimize the numbers that need to move: Low-income communities in Thailand negotiated land-sharing agreements with property owners or found land to move to that was close to their original homes. When resettling households whose homes were near railway lines in Mumbai, India, local authorities negotiated that residents should occupy smaller plots, setback further from each side of the track, which reduced the number of people who had to move.

Avoid relocation sites that are far from current homes and from labour markets: In Iloilo, relocation sites were kept to within 4 km of the previous settlement; the CODI-supported relocations were to areas that were as close as possible to previous homes.

Engage with the residents who have to move and with their community organizations in order to identify suitable sites, help to plan and manage moves, and manage the allocation of new sites and/or housing.

Ensure that the required infrastructure and services are in place in the area to which people are to be moved (including the provision of schools, health care and connections to public transport).

We also have decades of experiences of how not to do relocations. It is particularly worth recalling examples such as the Lyari expressway evictions, described at the end of Section 3.3 - Part 1. For the 16,562 people relocated, the sites "... were far from the city and job opportunities, with no community participation in the locating or planning, incomplete infrastructure, no drinking water, schools built but no salaries for teachers, no hospitals, no public transport at night." Sadly, comparable criticisms are valid for many resettlement programmes. These include many countries and cities where governments have planned lots of large-scale 'low-cost' housing that either never got allocated to low-income groups or whose poor quality and distant locations made it unsuitable. This, in part, was due to pressure from private sector construction companies, in part, because they were easier to administer and, in part, because they were politically more visible. These policies would probably have been a lot more effective if their funding had been made available to city councils so that they could have provided extra infrastructure and services. A recent re-visiting of sites and service programmes in India has demonstrated the importance of time in some of these processes. As urban expansion has taken place, it has brought benefits to those living in initially peripheral settlements, some of which have now become well-located.⁹⁷

New building: houses and plots

Upgrading does not address the quantitative housing deficit. It needs to be complemented with much increased supplies of affordable new housing and this requires much increased supplies of suitably-located plots with adequate infrastructure. If there are informal settlements, there is also an informal land market and there are informal real estate agents. The challenge is how to find formal housing solutions that work for low-income groups.

Cheaper formal housing/standards: LRGs can play key roles in reducing the cost of new 'formal' housing. They can achieve this by: cutting the cost of buying land and obtaining permission to develop it for housing; increasing the supply of serviced land connected land to high-quality public transport⁹⁸; changing inappropriate regulations (e.g. allowing smaller minimum plot sizes and incremental development); and helping to provide housing finance. A larger supply of cheaper, well-located, serviced land for housing would widen the choices available to low-income households. In several Latin American countries, the proportion of the urban population living in informal settlements has fallen because formal housing and/or housing finance has become more affordable, although much of this housing is poorly located which implies long journey-to-work times.

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Kathryn E. Owens, Sumila Gulyani, and Andrea Rizvi, 'Success When We Deemed It Failure? Revisiting Sites and Services Projects in Mumbai and Chennai 20 Years Later', *World Development* 106 (2018): 260-72.

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Shirish B. Patel, Jasmine Saluja, and Oormi Kapadia, 'Affordable Housing Needs Affordable Transit', *Environment and Urbanization* 30, no. 1 (2018).

Informal settlements provide cheaper housing precisely because they do not meet formal rules and regulations. The question is therefore whether or not formal (legal) housing can reach further down the household income scale and how this could be achieved; perhaps by lowering standards. For example, 16m² housing units have been developed by the Suraya Property Group in Nairobi, Kenya, and targeted at young professionals looking to enter the housing market; they sell for USD 11,170 each. Another example from Kenya is of 38m², semi-detached, one-bedroom units by Global Property Advice, which cost USD 10 000 each, excluding the cost of the land.⁹⁹ There are apartments for sale in Paris with floor areas down to 8 square metres.¹⁰⁰

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Centre for Affordable Housing Finance in Africa, 'Understanding Housing Markets: Using Municipal Data', 2018. See also: see also <http://www.suraya.co.ke/wp-content/uploads/2015/03/Encasa@Mombasa-Rd-Price-List-March-2018.pdf>.

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For more information, see: <https://www.trendir.com/micro-apartments/>.

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Boonyabancha, 'Land for Housing the Poor by the Poor: Experiences from the Baan Mankong Nationwide Slum Upgrading Programme in Thailand'.

One of the quickest and easiest ways to cut the cost of new housing is to make the minimum plot sizes more realistic. Upgrading programmes and some new building initiatives have shown how good quality two or three-storey housing can be constructed on 30m² plots. However, in many countries, the official building regulations specify minimum plot sizes of at least 100m². One of the reasons for there being so many land sales in informal market is that they sell smaller (and thus cheaper) plots.

With upgrading, the final outcome may not comply with all of the official regulations. Upgrading may, however, be met with a greater acceptance of lower standards, particularly regarding small plot sizes.¹⁰¹ Box 21 gives examples of community-led upgrading and new building schemes in which the plot-size standards were modified.

Box 21: Lowering house prices through changing plot sizes and regulations

Plot size standards were modified in a community-led upgrading programme undertaken at Bonkai (Bangkok) which converted a 40-year old squatter community, of 566 households, where people had been living in extremely crowded conditions in central Bangkok. To ensure that all the residents were included, the community worked with architects to develop a layout plan with narrow lanes and compact 3-storey rows of housing built on small, 24m² plots.

The plot-size standards were also modified in a housing project undertaken at Cua Nam Ward, in Vinh (Viet Nam). This involved a community of 29 households, living in an old, run-down, collective housing development that had originally been built to house factory workers. The residents fought for the right to stay and to live on smaller (sub-standard) plots, which would allow everyone to stay at the same location; this solution was agreed with the provincial government. As the site was very small, the residents worked with community architects to develop plans for 2-storey rows of housing on 50m² plots. This was the first community-driven housing project in Vinh. Both of these initiatives became well-known, with other settlements soon following the same approach.

In Windhoek, Namibia, the cost of legal housing plots was reduced by reducing (previously very large) minimum plot sizes and infrastructure standards.¹⁰²

In Merida, Mexico, developing low-income housing as part of a mixed housing project initially appeared financially unfeasible. However, by reducing the number of parking spaces required from 1 to 0.5 per house,

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Diana Mitlin and Anna Muller, 'Windhoek, Namibia: Towards Progressive Urban Land Policies in Southern Africa', *International Development Planning Review* 26, no. 2 (2004): 167-86.

it was possible to increase the permitted housing density from 77 to 153 units per hectare. This process was further aided by providing minor exemptions from property tax during construction and by reducing certain other costs too. This made the project viable, with 36% of the housing being classified as affordable.¹⁰³

Sources: The examples from Thailand and Viet Nam are from the Asian Coalition for Housing Rights. 'Housing Policies in the Asia Region'. Working Papers for the UCLG Housing Report. Bangkok, 2018. The example from Namibia is from Mitlin, Diana, and Anna Muller. 'Windhoek, Namibia: Towards Progressive Urban Land Policies in Southern Africa'. International Development Planning Review 26, no. 2 (2004): 167-86. The example from Mexico is from Steer Davies Gleave, Andean Partners in Rocca, Ondina, and Guiliana de Mendiola. 'Affordable Housing in the World's Cities: Urban 20 the White Papers'. Vol. 20, 2018.

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Steer Davies Gleave, Andean Partners in Rocca and de Mendiola, 'Affordable Housing in the World's Cities: Urban 20 the White Papers'.

Several Latin American countries have introduced loan programmes to support the purchase of housing plots. Some of these are municipal (as in Montevideo, Uruguay), some are provincial (as in the provinces of Córdoba, Argentina, and Arequipa, Peru, while others are national (e.g. in Argentina and Mexico).¹⁰⁴ There have also been examples of LRGs successfully providing 'formal' alternatives. This was achieved in Ilo, Peru, through the provision of cheap 'formal' plots¹⁰⁵, and in Solo, Indonesia, by providing financial support to households living on sites prone to regular flooding, to find them safer sites to build on.¹⁰⁶

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"Plan Lote" program in Montevideo (Uruguay); "LoTengo" Program, in the Province of Córdoba (Argentina); and the "Programa Municipal de Vivienda - PROMUVI" (Municipal Housing Program) of the Province of Arequipa (Peru) - as in the national sphere - in the programs "ProCreAr - Lotes con Servicio" (Lots with Service), in Argentina; e "Adquisición de un Lote con Servicios" (Acquisition of a Lot with Services), in Mexico.

One strong example of the social production of housing is a land plot programme that has reached the lowest income groups with self-financed upgrading in Karachi and Hyderabad in Pakistan. Called '*Khuda ki Basti*' (God's settlement), they are **incremental housing schemes through which homeless people receive a plot of land in exchange for a small down payment followed by affordable monthly instalments**. They then build their own neighbourhood water and sanitation systems while the administration responsible for the settlement works with NGOs to develop social infrastructure such as schools and clinics, helps to arrange transport routes through negotiations with the transport department of the central government, and provides advice to the community on building water and sanitation systems. Costs are kept down by following simple procedures and providing incremental infrastructure. Initially only water is provided. Further infrastructure is implemented with community-control, financed on a cost-recovery basis through people's instalments, so the upgrading is self-financed.

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Jose Luis López Follegatti, 'Ilo: A City in Transformation', *Environment and Urbanization* 11, no. 2 (1999): 181-202.

Another way to obtain affordable land is that followed by community organizations in Thailand, which found and negotiated the price of the land for themselves. Under the Thai Government's previously described *Baan Mankong* housing programme, it is the responsibility of each community to negotiate secure land for itself. This is done by buying, or renting, the land that it already occupies, or by buying or renting land it may find elsewhere. With flexible finance to support this, communities search for alternative land themselves. Hundreds of communities are in the process of land lease and purchase negotiations involving all kinds of public and private landowners. Even in cities where local authorities have long insisted that there is no room for the poor, communities are currently managing to find pieces of secure land to buy cheaply or to lease.

106

Taylor, 'Tale of Two Cities: Comparing Alternative Approaches to Reducing the Vulnerability of Riverbank Communities in Two Indonesian Cities'.



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Affordable housing policies

The growing interest in ‘affordable housing’ was noted earlier; here the interest is in its application. Affordable housing initiatives may include what are, or used to be, called social housing or public housing. However, many measures designed to provide affordable housing are not associated with building housing, but rather with providing financial support to low-income groups to make their accommodation more affordable (as tenants) or to help them to become home-owners.

In high-income countries, affordable housing tends to focus on complete units. In many countries in the Global South, in contrast, affordable housing policies also include those that provide affordable plots of land (serviced sites) and/or core housing onto which the owner can subsequently add, incrementally. Social policies that provide low-income groups with small social incomes may be considered as a form of support for meeting housing costs, but they are generally too small - in relation to housing costs – to effectively serve this purpose.

Affordable housing programmes for tenants

- Rent subsidies paid directly to the tenant or owner/landlord if the housing unit is rented to a lower-income household at an affordable rate (e.g. the subsidy is meant to keep the rent paid by tenant down at no more than 30% of their disposable income)
- Access to social housing (with below-market-price rents); provided and managed by LRGs or social housing providers
- Loans to tenants to allow them to buy the accommodation that they are renting and therefore become home-owners (including purchases from landlords) or part owners

Housing allowances may be an important means by which low-income groups, or those unable to work, can get their housing costs covered. The 2016 OECD Questionnaire on Affordable and Social Housing reported that 34 of the 37 that responded to the survey had at least one type of housing allowance in place; most had more than one, and typically a general housing allowance system that was complemented by specific supplements for some housing costs that were covered by other types of benefits (notably social assistance and minimum income schemes).¹⁰⁷

Affordable housing for home-owners

- Grants or low-interest loans for first homeowners; these can be combined with support to obtain the savings needed to cover the initial deposit.
- Financial incentives for homeowners, such as tax incentives and subsidized mortgages.
- Shared home ownership of housing built by government entities, social housing providers, or private developers.

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See OECD Affordable Housing Database, Housing allowances, PH3.2 Key characteristics of housing allowances, accessible at: <http://www.oecd.org/els/family/PH3-2-Key-characteristics-of-housing-allowances.pdf>.

Affordable housing policies for housing providers

- Subsidies paid to landlords/the owners of housing units that must be rented to lower-income households at affordable rates
- Funding to support new social/affordable housing supplied by local government bodies or non-profit organizations for rental and/or shared ownership (which may be built by private contractors)
- The state making government-owned land available to developers either cheaply, or for free, in order for them to build a certain proportion of affordable homes within their general housing development plans. This includes providing support for government sectors that own land and helping them to identify suitable sites for development, such as sites around railway stations and ports or on land belonging to the armed forces
- Using the existing building and land-use planning system to require housing developers to provide a certain quota of either social or affordable housing within their new developments; this is termed inclusionary zoning. In some cases, the developer may negotiate to build the affordable housing at another (cheaper) location.
- Providing planning permission for developers under certain specific conditions so that they cover some of the costs usually borne by local government, e.g. associated with the provision of local infrastructure and new schools. The agreement negotiated between the developer and the local government body may also require the developer to cover the cost of an agreed number of social and/or affordable housing units.

Inclusionary zoning

Inclusionary zoning is one of the most common forms of ‘affordable housing’ policy. As noted above, it requires housing developers to provide a proportion of either social or affordable housing within new developments. The use of inclusionary zoning within a larger policy of social housing is described for Vienna in Box 23 and for São Paulo in the section on ‘Planning for an Effective Housing Policy’.

Perhaps the most consolidated examples of inclusionary housing policies and zoning come from the United States. In parts of the US, it is a legal requirement that developers allocate a portion of their developments to “affordable” units. The decades of experience help us understand the legal mechanisms, resale formulas and programme stewardship needed for success; also the strategic partnerships that can help preserve affordable homes produced through inclusionary housing programmes for many generations.

In the Indian state of Rajasthan, the State has made it mandatory for public agencies as well as private agencies to reserve at least 25% of the housing stock for low-income groups (what are termed EWS - Economically Weaker Sections and LIGs – Low-Income Groups). This is for all schemes through the development control regulations, which are legally enforceable and binding on any producer of housing. “In order to strengthen the siting and positioning of housing projects that benefit the urban poor more than the speculative markets, master plans for all the 184 urban areas of the State have been finalized and notified, earmarking both adequate land for housing as well as ensuring that sites for provision of housing are placed close to areas where the poor find employment”.¹⁰⁸

Of course, private companies developing large new housing developments want to minimize the number of social housing units. There are examples of private companies renegotiating the proportion of social housing units they are obliged to build well below what they originally contracted to provide. Developers may renege on the affordable housing measures they agreed to with the government - or build the agreed social housing elsewhere (cheaper but with worse access to labour markets and services). They may segregate affordable housing and their tenants from other residents – for instance having separate entrances and not allowing them to use playgrounds or other services. The challenge for local authorities is to get a significant percentage of the units, avoiding just a token few units or developers that avoid building the affordable units by paying a fee/compensation instead.

While political agendas seek to provide affordable housing, few take into consideration their long-term affordability. Yet, this is critical for meeting the housing needs of low-income individuals and households that inclusionary housing programmes aim to serve. A study on inclusionary housing programmes concludes that these can only be successful if units are preserved as affordable after being produced, as well as that a long-term commitment to affordability is needed to curtail illegal resales, defaults and refinancing.¹⁰⁹

Other measures that can be used to promote the supply of affordable housing include: providing support for owner occupiers who cannot afford to repay their mortgages; measures to tax vacant properties; and measures to protect low-income tenants from gentrification. For neighbourhoods or districts undergoing gentrification, successful affordable housing initiatives can help to keep prices for part of the housing stock affordable, through the provision of social housing or rental subsidies. Local government bodies can also provide support for local businesses to help them manage increases in the price of rentals.

The different measures noted above can be divided into demand-side and supply-side measures. The demand-side measures seek to increase the financial capacity of households. The supply-side measures seek to reduce the rents charged to low-income tenants by providing them with apartments whose construction, rehabilitation, and/or operation is subsidized. The subsidy is linked to the structure; these buildings may be owned by private, for-profit or non-profit owners, or by public bodies.¹¹⁰

Most of the affordable housing measures listed above have their critics. Many have groups that oppose them, either as policies, or due to their practical implementation on the ground. For example, subsidies may be mostly captured by landlords, by first-time buyers who are not on low incomes, or by the developers of new housing. In the case of the UK government-funded help-to-buy loan scheme, more than half of those who benefitted from its generous financial terms could have purchased a home without government support. Loans of up to 20% of the market value of an eligible new-build property (and up to 40% in London) were provided at zero interest for a period of five years.¹¹¹

Rent subsidies paid directly to tenants who find their own accommodation have the advantage of allowing households to choose where to live and allow them to make their own trade-offs (see Section 2 – Part 1). However, they also require a functioning formal system; many low-income households in the Global South lack a legal address and bank account which are needed to opt for this and other forms of financial support.

109
Robert Hickey, Lisa Sturtevant, and Emily Thaden, 'Achieving Lasting Affordability through Inclusionary Housing', 2014.

110
George Galster, 'Comparing Demand-side and Supply-side Housing Policies: Submarket and Spatial Perspectives', *Housing Studies* 12, no. 4 (1997): 561-77.

111
For further details, see: bit.ly/2MGkoWw.

112
Galster, 'Comparing Demand-side and Supply-side Housing Policies: Sub-market and Spatial Perspectives'.

The findings of a comparison between demand-side and supply-side housing policies which was published over 20 years ago may still be relevant. That study stressed the complexity and interconnectedness of the housing submarkets operating in all cities and the extent to which local contexts influence which affordable housing measures are likely to be most effective.¹¹² It also highlighted the need to consider the impact that any proposed measure would have on the many housing sub-markets in operation.

One of the key issues highlighted throughout the report was how the effectiveness of many housing policies depended on them being rooted in local knowledge and local preferences: "...the consequences of any given policy, indeed the optimal policy choices, depend in large measure on the particular features of the metropolitan housing market for which policy is being considered. These contextual features involve especially:

1. characteristics of the existing housing stock (age, structural features, distribution by quality sub-market and tenure) that affect conversion possibilities;
2. characteristics of low-income households to be targeted for assistance (income, preferences, special needs);
3. the spatial patterns of the private and social rental stock into which recipients may move; and
4. the existing geographic distribution and characteristics of distressed neighbourhoods."¹¹³

113
Galster, 573.

Where affordable housing measures focus on the construction of new social housing, many ignore the lessons of past failures: choosing the wrong locations and providing poor quality buildings, sub-standard infrastructure and services and no maintenance or repair services.

In some cities, a significant amount of recently-constructed new housing has been affordable. In London, for example, 24% of the new housing completed was reported as affordable in the three years up to 2015-2016, although this represented a decline with respect to the three years prior to 2013-2014, when 34% of all new home completions were affordable. There were very large variations in the amount of affordable housing built in London's 32 different local government sub-divisions, or boroughs. Affordable housing is managed by a local authority or a registered social landlord and is available through shared ownership, affordable rents or social rents.¹¹⁴

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Details available at: t.ly/W2kdv.

The high price of housing and the lack of affordable housing are issues that have risen up the list of political priorities in the agendas of most OECD countries and especially in the cities with the highest price-to-income ratios (see Section 3 – Part 1). London's Mayor, Sadik Khan, has made a strong commitment to expanding the provision of affordable housing in the city and has pledged to start building 116,000 affordable homes in London by 2022.¹¹⁵ In 2018, the number of affordable homes under construction in London had hit its highest level for eight years and included 1,916 council homes, the highest number built in London since the mid-1980s. Similarly, in 2019, New York's Mayor, Bill de Blasio announced that his administration had financed a record number of affordable homes in 2018 (see Box 22). In Paris, a target was set in 2016 to create 7,000 new public housing units every year up to 2020 (the year of the next election).¹¹⁶

115
See also: bit.ly/2N15ZTO.

116
See also: t.ly/jKPKP.

Box 22: Affordable housing policies in New York City

In January 2019, Mayor de Blasio announced that his administration had financed 34,160 affordable homes in 2018; this was a record for affordable housing production in New York City. This included providing financing for 10,099 new homes and also for the conservation of 24,061 apartments. This brought the total number of homes financed to date under the City's "Housing New York" plan to nearly 122,000 apartments. Nearly 85% of the homes financed through the Mayor's housing plan are affordable for low-income New Yorkers and more than 40% will serve families earning less than USD 46,950 p.a.

The Mayor also announced the launch of a new initiative to protect tenants. The City is currently working on legislation to increase the financial penalties imposed on bad landlords, which will include powers to seize buildings from neglectful owners.

Source: The Official Website of the City of New York. 'De Blasio Administration Financed More Than 34,000 Affordable Homes In 2018 - A New Record', 2019. <https://www1.nyc.gov/office-of-the-mayor/news/035-19/de-blasio-administration-financed-more-34-000-affordable-homes-2018--new-record#/0>.

In Egypt, 'affordable housing' programmes are increasingly being replaced by housing built to standards, and at costs, that are only affordable for, and accessible to, 'privileged' households on higher incomes. An analysis of Egypt's 2014-2015 budget shows that the government was ignoring the poorer segments of its population. At that time, only 2.2% of all the social housing programme beneficiaries were people in the lowest income bracket.¹¹⁷

Most countries in Europe have some tradition of publicly subsidised social housing. This may include social housing constructed with government funding and managed by local authorities or non-profit-making associations, or of providing support for the kinds of affordable housing measures mentioned above.

Large-scale public housing programmes may have fallen out of fashion in many European countries, in part because of a legacy of unpopular and inappropriate designs, inadequate maintenance and high concentrations of low-income groups. However, in some cities, they are now reappearing in a new guise: as 'affordable housing'. A report in *The Economist*, in 2019, noted that public housing provided by local authorities may be making a cautious come back in the UK. In 2018, local authorities there built 4000 homes, which was the most since 1992, but this was still far from the 150,000 units a year built back in the 1950s.

The case of the large-scale social housing programme undertaken in Vienna and its limited-profit housing companies is worth considering in some detail as this model provides an alternative to commercial developers and has been undertaken on quite a large scale (see Box 23). This initiative also challenges those who dismiss the effectiveness of supply-side responses. Limited-profit and non-profit builders should help to bring costs down significantly, while a supportive local government can help to find available land at suitable locations.

Box 23: Social housing at scale; the case of Vienna

Vienna has nearly 420,000 flats that are either owned by the municipal authority or that fall under another type of social housing regime and they accommodate around 60% of the Viennese population. Originating from a strong local tradition of housing policy, a complex system has evolved which is able to provide a large amount of affordable housing to the majority of the population and to keep rental prices down.

117
United Nations Human Rights Council, 'Report of the Special Rapporteur on Adequate Housing as a Component of the Right to an Adequate Standard of Living, and on the Right to Non-Discrimination in This Context'. on her mission to Egypt, Human Rights Council, Fortieth session, 25 February - 22 March 2019.

Source: Franz, Yvonne, and Elisabeth Gruber. 'Wohnen „für Alle“ in Zeiten Der Wohnungsmarktkrise?: Der Soziale Wohnungsbau in Wien Zwischen Anspruch Und Wirklichkeit'. *Standort* 42, no. 2 (2018): 98-104. <https://doi.org/10.1007/s00548-018-0533-1>.

Some of the key factors in this case are: an active housing policy; the high-level of inclusivity of social housing; incentives for homeowners to temporarily convert their properties into *de-facto* social housing; mechanisms that help to maintain social housing units in the market; a proactive land policy; and a sustainable finance mechanism.

Operating an active housing policy includes a political commitment to actively shape housing policy by seeking to constantly increase the share of social housing within the total housing stock.

The conceptualization of social housing in Vienna is much more inclusive than in most other cities. The eligibility thresholds are set to allow 75% of the population access to social housing. This permits a social mix within social housing blocks and has largely helped to prevent the creation of hotspots of marginalization.

Vienna has also created mechanisms that allow privately-rented flats into the social housing regime. Owners can access public assistance for renovation work if, in turn, they accept charging social rents for 15 years - a practice dubbed 'gentle urban renewal'.

A public agency (the Vienna Housing Fund) is in charge of acquiring land for social housing. This includes land from rezoning, since any owner willing to change the zoning classification of their property has to cede part of it to the local government for social housing development. Plans for zoning and urban expansion are often only drawn up after the Vienna Housing Fund has acquired land in these areas.

Subsidies are object-side, so they effectively work as long-term loans. Capital, therefore, is in constant backflow, feeding the whole housing budget. Vienna's policy relies on EUR 3.5 billion of pending loan repayments that are already invested in expanding the system. Also, 1% is levied on all taxable income and earmarked explicitly for housing.

Capping housing costs implies keeping construction costs within certain limits. Social rents are based on cost, so construction costs strongly influence the price of subsequent rentals. Imposing maximum construction costs therefore automatically limits the price of the resulting rentals. In 2017, the rent for a social housing unit in Vienna was EUR 8/m² (Ludwig, 2017).

In Vienna, around a third of the construction budget usually comes from public subsidies, with a maximum of 12.5% corresponding to contributions from prospective tenants. The rest is covered by private sources, such as the developer or bank loans.

Housing cooperatives, moreover, have been important players thanks to a privileged status to access public funds and lax taxation. Moreover, while not offering very high returns on investment, they provide stable, long-term returns.

They are specifically regulated by law and must comply with three conditions: profit limitation; investing excess profit in new social housing projects; and provide long contracts that revert all profit from rent into more investment in social housing units.

The existence of actors such as limited-profit housing cooperatives ensures that the construction capacity and relevant knowledge are main-

tained throughout a period during which the housing market does not draw any interest from private capital investors.

Innovation: There is competition amongst developers for every social housing development that exceeds a certain number of social housing units. For a selected plot of land, the maximum budget is defined, as are the design and sustainability criteria. Each proposal that is able to combine the highest quality of social housing within both the plot and budget constraints and to fully satisfy any other criteria assessed by a panel of experts is selected as a project.

The Viennese system evolved organically out of a century-long tradition of social housing construction. Some of its key features may also be transferrable to other contexts:

- A political commitment to proactively shape the housing system and to constantly seek to increase the share of social housing within it.
- Supply-side subsidies that create constant financial backflows
- Capable actors run on a limited-profit basis
- Innovative processes such as developers competing for contracts within limited budgets

In most of Asia, despite the interest in ‘affordable’ housing, market-driven development by private sector actors now dominates urban development. Laws and policies increasingly support developers and the private-sector-driven delivery of housing, as a market commodity (“extracting maximum value from land” as a policy and assumption of market-led development), rather than as a social good. In parallel, there are fewer and fewer controls over land prices and speculation.

In fact, many national housing authorities are also giving up on the poor and becoming real-estate promoters themselves. Most Asian countries have national housing authorities that were originally set up with a mandate to house the poor who were excluded from the market. Now, however, most NHAs focus their efforts on developing housing for lower-middle income households or on facilitating real-estate-type housing developments for the non-poor. For example, the National Housing Authority of Bangladesh has only implemented one slum upgrading project in its whole fifty-year history. It now acts more like a real estate developer: buying land, subdividing it, and selling plots or developing flats for the middle and lower-middle income households. Likewise, Japan’s semi-government Japan Housing Corporation, which was established in 1955 to develop rental housing that would be affordable to lower-income households, now focuses its main work on facilitating for-profit homeownership and urban redevelopment.

Section 2 - Part 1 discussed how housing in urban areas has long been treated as a commodity, rather than as a human and social need or right. At the root of Asia’s urban housing problem is the way that housing is perceived. For most governments and private-sector suppliers, housing remains a technical matter of units and square footage and of the economic production of a commodity to be sold to the highest bidder. This partly explains why housing is the responsibility of the Ministry of Construction in countries like Cambodia, Indonesia and Viet Nam. This has resulted in a housing stock that is increasingly inappropriate, with numerous, very small apartments stacked in high rise buildings that provide no facilities for interaction or recreation, or public space. According to this conception of housing, the emphasis is on individual delivery; it is top-down in nature, involves inflexible supply mechanisms and little or no social participation.

The idea of financing the development of low-income housing by capturing a portion of the enormous profits earned on market sector housing and commercial developments continues to be popular with governments.

Private-Public partnerships/planning gain

In many countries (like the Philippines, Malaysia, China, Viet Nam, South Korea and India), policies which promote ‘public-private-partnership’ strategies have employed cross subsidies to pay for the construction of low-income housing. The idea of financing the development of low-income housing by capturing a portion of the enormous profits earned on market sector housing and commercial developments continues to be popular with governments. Perhaps this is because this cross-subsidy idea allows them to continue supporting the hugely profitable market-driven real estate development, while claiming to address the housing needs of their poor citizens without using any public funds. But when this idea has become policy, it has very seldom worked. Builders find ways around paying or meeting agreements for a proportion of affordable housing within new residential developments. The public-private partnerships which are now so common in Asia, are mostly profit-oriented. By producing housing that is too expensive, too small and too far away for the poor to survive in, these partnerships become major drivers of inequality in cities. The relevant question therefore concerns how LRGs can participate as partners in a solidarity-based housing economy and not only as reactive players in strongly financialized and exclusive housing sectors.

Housing policies in OECD nations

In previous sections, the text draws on OECD publications to summarize the main housing policy objectives in the countries that responded to an OECD Questionnaire on Affordable and Social Housing in 2016. It also outlines the obstacles that countries face when trying to ensure access to affordable housing.¹¹⁸ It provides many valuable insights, but it is limited by its overwhelming focus on whole countries rather than cities.

The high price of housing and the need for specific housing policies to address this, both for renters and owner-occupiers, are key concerns in most countries. In their responses to the questionnaire, 16 countries identified ensuring access to affordable housing as one of their key objectives, and most of them specifically referred to low-income households or to ‘those in need’. In addition, 12 countries reported that the main objectives of their housing policies included: “increasing access to adequate housing and/or improving housing conditions of specific population groups”. These groups included:

- Indigenous people in Australia and Canada
- Elderly people in Austria, Finland, Japan and Sweden
- People with special needs or disabilities in Bulgaria, Finland and Switzerland
- Young people in the Czech Republic, Japan, Romania and Sweden, and
- Families with children in the Czech Republic, Japan, Latvia and Poland.

Sweden identified improving access to housing for migrants as a major public policy objective, while the Netherlands identified the provision of housing for asylum seekers as the current main policy challenge.

Among other objectives, many of these countries identified the importance of sustaining, or expanding, the supply of housing and improving housing quality and energy efficiency.

Eleven countries (Austria, Finland, Germany, Ireland, Latvia, Luxembourg, New Zealand, Norway, Poland, the Slovak Republic and Sweden) considered

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See OECD Affordable Housing Database, General overview, PH1.1 Policy instruments and level of governance accessible at: <http://www.oecd.org/els/family/PH1-2-Housing-policy-objectives-and-obstacles.pdf>.

either increasing their housing supply or sustaining it at a high level as an important policy objective. Fifteen countries referred to the need to increase the supply of housing in one or more specific tenure regimes with most making specific reference to the rental market. Providing (affordable) rental housing was identified as a relevant issue in Australia, France, Germany, Ireland, Luxembourg, the Netherlands, Portugal, the Slovak Republic, Spain, Switzerland and the United States, while social rental housing was seen as important in Croatia, France, Germany, Ireland, Lithuania, Luxembourg, Romania and the Slovak Republic.

Improving the quality of housing and energy efficiency were identified as key housing policy objectives by thirteen and nine countries, respectively. Better regulation also featured as a key objective in six countries, but the focus differed somewhat. The key issues were the regulation of affordable/social housing in Estonia, Luxembourg and Portugal, the removal of regulatory barriers to land and housing supply in Luxembourg and New Zealand, and regulation in the rental sector and the regulation of state support to the housing sector in Latvia.

The obstacles to ensuring access to affordable housing differed widely, from country to country, reflecting the different settings in which housing policies play out. The major obstacles identified by the countries surveyed included:

- Lack of funding and investment in affordable housing, especially by public authorities (the Czech Republic, Estonia, Korea, Latvia, Lithuania, Mexico, Poland, Romania, Slovenia and Switzerland)
- Limited housing construction (Ireland, Poland, the Slovak Republic, Sweden, the USA, and also in parts of Canada and Germany)
- Rising house prices (Canada, Finland, the Slovak Republic and Switzerland)
- Limited availability of land and/or restrictions on land use (Estonia, Luxembourg, New Zealand and the USA)



REFUGEES WELCOME!!!

City plans

Effective housing policies depend on (and should be supported by) city plans, because city plans influence the price, availability and location of land for housing and also how well such land is equipped with infrastructure and services. City plans and the way in which they manage land use and changes in land use should also be used to help integrate the policies and actions of all the different sectoral agencies represented within the city. This was stressed in the UCLG Bogota Commitment and in the New Urban Agenda, which both underlined the need for urban and territorial plans that integrate housing (including upgrading and providing secure tenure and access to basic services) with citywide sectoral investment and resilience issues. They also highlighted the importance of coherence with the strategies of different agencies/ministries operating at the national level.

Good practice in city planning implies actively engaging with other sectors of government (especially with ministries or agencies concerned with housing and infrastructure) and working at the city scale to ensure that cities are holistically planned, and conceived as entities that need to provide work opportunities and housing within a functional network that structures mobility and access to amenities and recreation. Good planning should prevent the social and physical segregation of certain areas and parts of the population.

Much of the planning process is carried out through land-use planning and regulation. This defines what kind of buildings and uses can be constructed on each site and establishes plans for the expansion and improvement of infrastructure networks: roads, water mains, electricity, and the provision of sanitation and drainage. These two factors are, of course, linked, as expanding infrastructure increases the supply of land for housing and other urban developments and land use planning should structure this expansion and capture increase in land values for the benefit of local development.

Land use planning, which controls the types of land use permitted and the charges made during development processes, should serve and support affordable housing and ensure that urban expansion is managed to meet other key goals, such as promoting more compact cities, low-carbon cities and cities that protect the ecosystem on which they depend. Hence, contributing to avoiding the costs associated with urban sprawl.

The very large economies of scale and proximity that urban development and expansion can bring are only obtained if LRGs have the power, authority and legitimacy to govern this process. As mentioned earlier in this section, this is a challenge facing all cities. It is especially true on the peripheries of cities where rapid development is currently taking place but outside the local government's jurisdiction. This generally ends up as urban sprawl to which it is very expensive to extend infrastructure and services – and where agglomeration economies are not available.

In Latin America, there are many examples of highly effective city planning. However, planning as an instrument of urban management is not present in all municipalities and, when it is, it is often questionable whether it serves as an effective tool to help promote fairer and more territorially inclusive cities.

The UCLG Bogota Commitment and the New Urban Agenda both underlined the need for urban and territorial plans that integrate housing with citywide sectoral investment and resilience issues.

Several examples of LRG planning were given in an earlier section on LRG innovation in housing policies: the master plans that all Brazilian cities with over 20,000 inhabitants are obliged to develop in order to address housing and land for housing issues. Similar examples can be seen in the Land Management Plans (POT) developed by municipal authorities in Colombia, with the support of the national government, and the support provided by the national government to LRGs in Argentina. It is also relevant to note the measures taken to identify vacant land and the Strategic Plan for Housing of Mendoza (Argentina), which provides an example of how to structure a plan to include government-subsidized programmes for low-income groups that include land regularization, housing improvements, neighbourhood improvement and the production of new housing. Also see the work of the local housing board of Iloilo (the Philippines), which worked in partnership with the urban poor to upgrade and relocate households living on dangerous sites and to improve city planning (Box 18). Rosario in Argentina provides another example of a local government whose land use planning and management have served as key parts of its development policy while also reducing the risk of disaster and making the city more resilient to climate change.¹¹⁹

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Florencia Almansi, 'Regularizing Land Tenure within Upgrading Programmes in Argentina; the Cases of Promeba and Rosario Hábitat', *Environment and Urbanization* 21, no. 2 (2009); Jorgelina Hardoy and Regina Ruete, 'Incorporating Climate Change Adaptation into Planning for a Liveable City in Rosario, Argentina', *Environment and Urbanization* 25, no. 2 (2013): 339-60.

The São Paulo Strategic Master Plan, in Brazil, supported the Municipal Housing Plan by including funds to expropriate well-located land for social housing use. In addition, large real estate projects must donate a percentage of their land for social housing (Solidarity Quota) while the delimitation of zones for ZEIS (*Zonas Especiais de Interesse Social* - Special Zones of Social Interest) social housing establishes conditions for development to support upgrading and social housing projects. From the perspective of urban structuring, this scheme proposes higher densities along structural corridors used by public transport, which could reduce daily commuting times. It also aims to recover public spaces for collective uses.

Along with other strategies related to the right to housing, the Plan has helped double the supply of areas destined for the construction of social housing. The Municipal Housing Plan set up a Social Housing Service to provide transitional shelter and also health facilities, social assistance and protection for vulnerable groups, such as women victims of domestic violence, elderly people and the homeless (street-dweller) population. The Plan also supports the upgrading of housing in precarious areas and provides housing, including that of public, private and civic production. It also has functions related to social rental housing, dealing with public accommodation and the regulation of the private rental market.

São Paulo's ZEIS take inclusive zoning provisions from the municipality's masterplan and articulate them through the local housing plan. This is designed to increase the supply of affordable housing along the city's best-served development axes. The 2014 masterplan added a new category of ZEIS (called ZEIS 5) that addressed the task of turning vacant units and lots into affordable housing.

There are also several examples of good practice in the field of metropolitan area planning (see Box 24 on Guadalajara), but few experiences in which legal changes have created an authority with decision-making power at the metropolitan level/scale. In 2015, Brazil passed a Federal Law that created the Metropolitan Statute (the City Statute had been created 11 years earlier), which required municipalities located in Metropolitan areas to organize and formulate "*Planos de Desenvolvimento Urbano Integrado - PDUI*" (Integrated Urban Development Plans). There have, however, been important challenges to its effective implementation because of the political diversity present in the different municipalities within the metropolitan regions.

One of the main challenges facing Latin American cities in addressing the housing shortage is the supply of land, particularly well-located land, for the production of housing for low- and middle-low-income families.

Box 24: Metropolitan planning and land use management in Guadalajara

In Guadalajara, Mexico, the Metropolitan Planning Institute for the Guadalajara Metropolitan Area was created in 2009 and it formulated the Metropolitan Territorial Ordinance Plan in 2016. This was to improve the articulation between the 9 municipalities and to address challenges relating to housing and urban infrastructure, including urban re-densification and improving the use of vacant properties. These are issues which, as of yet, have either been relatively little explored in this region (density) or which cause considerable controversy (the use of vacant properties). The Plan also recognized the difficulties facing households which had been pushed into peripheral areas, such as their high transport costs. The Plan established zones of orderly growth in previously underused, or unoccupied, land and supported urban renewal schemes in the more central areas, which included promoting high-density housing along public transport corridors.

Source: Rojas, Eduardo, and João Sette Whitaker Ferreira. 'Regional Report on Subnational Governments and Housing Policies in Latin America and the Caribbean'. Working Papers for the UCLG Housing Report, 2018.

Planning instruments to address housing shortages

We noted the measures employed to increase the supply of land for housing in both São Paulo and Guadalajara. One of the greatest challenges to address in order to combat the housing shortage in Latin American cities (as well as in cities in other regions) concerns the supply of land, and particularly well-located land, for the production of housing for low- and middle-low-income families. Some Latin American governments have, at both the central and local government levels, developed mechanisms and instruments to address this. It is particularly interesting to study the experiences in Colombia (Bogota) and Brazil, mentioned above. In Brazil, ZEIS were first created in Recife in the 1980s in order to support upgrading in informal settlements. This instrument was also used to delimit vacant and underused plots in areas in which the municipal authority required land for the production of a minimum percentage of housing of social interest. The incorporation of this instrument into the Statute of the City, in 2001, allowed its to be used throughout the country.¹²⁰ The use of ZEIS within the São Paulo Strategic Master Plan has already been described earlier.

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Higor Carvalho, 'Land Rights and the Place of Social Housing in the City: The Experience of São Paulo', 2014. Paper presented at the XVIII ISA World Congress of Sociology, International Sociological Association World Congress, Yokohama.

Managing land use for housing

Measures are needed to increase the supply, and reduce the cost, of legal, serviced land for housing (whether for households, communities or the private sector). This implies cutting the costs and reducing the delays associated with obtaining government approval for new developments and changing inappropriate regulations (such as those that demand excessively large minimum plot sizes). This land-use management can include extending the public transport network and improving its quality and, where possible, integrating the provision of serviced lots. This is most effective when the latter are subject to the local authority's management plan for land use and when any changes in land use are guided by a plan.

In section "Informal Land and Housing" above (see Section 1.1 - Part 1), it was described how and why informal land markets develop. They tend to appear where

Many local and regional governments face housing shortages while, at the same time, there is lots of vacant land and often many vacant properties.

and when formal land markets are too expensive. Informal markets can vary in size (accounting for most of the sales and purchases of land for housing in many cities) and in quality (cost and their degree of illegality). One key measure is to provide support for serviced site schemes at different scales and to enable them to successfully compete with informal land markets in terms of the locations, types of tenure, basic services and costs that they offer.

One issue, which was raised in Asia is how city planning guided by comprehensive, long-term policies has been replaced by smaller projects. This problem, which is also relevant for much of Africa, is one of the most negative effects of decades of market-driven urban development. This is especially true of housing and the management of its land use, which used to be a key element in town planning. Now, however, many cities no longer seem to bother very much about having well-coordinated and holistic urban planning and land use management policies. In India, for example, only 24% of cities have master plans. Instead of planning, cities have handed over more and more aspects of urban and housing development to a largely unregulated housing and land market. The result is that increasing numbers of poor families are being left behind.

Many LRGs face housing shortages while, at the same time, there is lots of vacant land and often many vacant properties. This issue has recently gained importance as it has been highlighted by social movements that have protested against the existence of vacant and/or underused properties. Bogota and São Paulo are among the cities that have sought to address this problem. They have taken measures to prevent the presence of vacant land, speculation, informal urbanization and urban sprawl and have encouraged better land management and the improved use of existing infrastructure, equipment and services.

It is common for LRGs to require large private-sector housing developments to set aside part of the land that they develop or some of the houses that they build for social housing. They may also require some other contributions, such as obliging developers to cover the cost of infrastructure or services.

In Colombia, some POTs (Land Management Plans) have allocated a minimum percentage of development land for the construction of social housing units for many years now, with the properties having to be built in urban expansion zones and renovation areas. In São Paulo, projects involving the development of more than 20,000m² of constructed space must set aside 10% of the area for the construction of social housing. However, to soften the impact of this measure on entrepreneurs, they can instead donate an equivalent area of land in a neighbouring region, or pay an amount of money corresponding to the value of the land in question; this effectively undermines the goal of promoting greater inclusion. Real estate developers can also limit their contributions by negotiating down the amount of land or housing that they must contribute.

Box 25 presents the example of the Catalan Land Institute, which buys and sells urbanized land and actively supports social housing policies and helps local authorities with urban development.

Box 25: The work of the Catalan Land Institute in supporting land use management and local developments

The Catalan Land Institute (INCASÒL) is a publicly-owned company controlled by the regional government of Catalonia. It buys and sells urbanized land so that this can be used for economic and residential development. This *modus operandi* has allowed it to shape urban development policy in Catalonia. INCASÒL also increases the availability of housing and manages public amenities. Its mission includes working with municipalities to redevelop urban districts and to provide open and green spaces, local services and amenities. INCASÒL also provides similar help and services to small and medium-sized towns.

INCASÒL often participates in urban development consortia with local administrations to jointly develop land. Local governments can also take advantage of INCASÒL's experience and expertise, while INCASÒL ensures that the development project meets the needs and the interests of the general public. Since 2014, local authorities have also been able to outsource land development projects to INCASÒL.

INCASÒL is a major developer of social housing and of Strategic Residential Areas (*Àreas Residenciales Estratégicas* - AREs). Each year, this institute initiates the development of around 2,500 new units of social housing; after their completion, these units are administrated by the Catalan Housing Agency.

AREs are newly-built residential areas located in well-connected, inner-urban districts that are well-served by public transport. At least half the homes in each ARE are destined for social housing. AREs are planned as part of Urban Masterplans and can then be implemented by an urban consortium led by INCASÒL, which may also include private actors.

North Rhine-Westphalia (NRW) is one of the most prosperous, populous and densely populated states in Germany. NRW.Urban is a public company which is subject to the NRW State Ministry for Construction, Housing, Urban Development and Transportation. Rather than focussing on the construction of housing and commercial infrastructure, NRW.Urban provides public services to municipalities which include helping them to increase their technical and human capacity, developing consortia and facilitating their access to state funding. NRW.Urban also helps municipalities with the preparation of building land, as this often exceeds their financial capacity. The company helps municipalities to: improve accessibility by public transport; develop more attractive living districts; construct 30% of their social housing; and build high-quality, affordable housing units. While the overall responsibility for these developments remains in the hands of local government, making use of NRW.Urban's services gives them access to loans from the NRW state bank.¹²¹

Both INCASÒL and NRW.Urban are influential regional agencies which encourage and help municipalities to address housing issues (and most crucially to procure land for housing) and to embrace new principles. Although they differ in their approach – with INCASÒL being directly involved in the construction process and NRW.Urban mainly focussing on the provision of service – they both help to increase the amount of social housing available and thus contribute to the localization of the right to housing.

Sources: INCASÒL. 'Memòria de l'Institut Català Del Sòl'. Barcelona, 2010; INCASÒL. 'Memòria de l'Institut Català Del Sòl'. Barcelona, 2009; INCASÒL. 'Memòria de l'Institut Català Del Sòl'. Barcelona, 2016; Pont, Jordi Víguer. 'Las Áreas Residenciales Estratégicas En Cataluña', 6 May 2009.

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See 'Standortcheck Wohnen: Flächen mobilisieren - soziale Quartiere schaffen' [Site check housing: Mobilising land plots - creating social neighbourhoods], available at: http://www.nrw-urban.de/fileadmin/user_upload/nrw-urban/publikationen/Fyer_Standortcheck_11_2017_final.pdf.

Taking citywide action in informal settlements

One key issue concerns how to draw on successful examples of LRG-driven actions, in particular regarding the promotion of community-driven upgrading initiatives in a city to catalyse citywide action. Many good examples of this have been given earlier in Part 2 and they include the importance of mapping and profiling all informal settlements. We may have decades of experience of community-driven upgrading initiatives, but too few have been applied at the city scale. What is required is a means of finding and applying tenure solutions and of upgrading housing and living conditions in all informal settlements. **We must therefore stop thinking in terms of just individual projects and start thinking citywide and about making the whole city the project.** The best way to do this is to plan, think and work at the citywide scale; this is the scale that is required in order to bring out the deeper political, structural problems that underpin many housing problems.

Thinking citywide is required in order to bring out the deeper political, structural problems that underpin many housing problems.

The *Baan Mankong* programme implemented by the CODI in Thailand has been described earlier. It shows how housing issues can be addressed at the citywide scale if solutions can be found through partnerships involving local governments in which poor communities take the lead. In this case, the government supported people-driven housing development/upgrading schemes by providing nominal leases on public land, and also loans for land and housing. The government provided a policy umbrella to cover all of the informal communities and so the projects that they undertook to improve their housing, tenure and environment were all legitimized. As a national government agency, the CODI has operated as both a partner and as the facilitator of a community-led process and brought government funding to housing projects. The programme is also citywide in scope in the sense that it addresses the structural dimensions of urban issues such as land use, landownership, ecology, and transport. It also puts communities at the centre of the planning process, by legitimizing their role and helping them to build a relationship with the city.

With the support from CODI, local governments become the urban poor's main partners in implementing citywide plans. In each city where this approach is implemented, local governments have representatives in the joint committees, so their voice is heard and they can play a key role in decision-making process. The operationalization of the citywide plans requires the active participation of local government authorities, which often contribute to the projects by allocating public land and developing infrastructure ready for upgrading and new housing projects. As the people-driven approach knows no sectoral boundaries, it becomes a city development programme which is not only concerned with the physical development of the city, but also with its social and economic development.

Drawing again on the experience of the CODI, once the network of community organizations, the municipality and the other stakeholders have come together and formed a committee to oversee the upgrading process, the first step is to gather together and understand as much information as possible about all the poor communities in their city. They then begin planning an upgrading process which –as far as possible– covers all the different communities in the city. From here, the plan emerges and includes maps, community layout plans, new housing designs, budgeting details and a citywide working plan which explains how they propose to provide secure tenure, good infrastructure, and better housing for all the poor communities in the city within a period of three years. With the community organizations in each urban poor settlement and the city authorities developing this plan in collaboration, and with the back-up of budgetary

As part of the Baan Mankong programme in Thailand, 1,035 housing projects have so far been undertaken in 405 cities, providing secure land and housing to 105,739 urban poor households.

and technical support from the national government, achieving this kind of city-wide target is very much possible. Some facts and figures relating to the scale of this initiative were given earlier: 1,035 housing projects have so far been undertaken in 405 cities, including action in all of the country's 76 provinces. These projects have provided secure land and housing to 105,739 urban poor households (which is between a third and half of all the urban poor households in Thailand). The financing (all of which has come from the Thai government) has included: USD 117.23 million in grants for infrastructure development within the projects and in the form of partial housing subsidies and a further USD 265.83 million in low-interest loans for land and housing.

Box 19 on Iloilo provides another example of housing initiative that are citywide in their scale.

The Asian Coalition for Community Action Program (ACCA) has drawn some lessons from the *Baan Mankong* programme and has demonstrated how providing very modest financial support to community savings groups in a wide range of Asian countries could effectively catalyse upgrading initiatives, strengthen citywide community networks and engage local governments (see Box 26).

Box 26: Leveraging government support for community-led upgrading

The Asian Coalition for Community Action (ACCA) programme provides very modest financial support to help community savings groups to catalyse upgrading initiatives, strengthen citywide community networks and engage local governments.

Between 2009 and 2015, it provided support for 2,139 community-driven upgrading initiatives in 215 cities, 19 countries and 146 housing initiatives. Overall, it helped provide secure land and housing to 49,356 urban poor households.

This support was provided to existing community groups and their local partners. It helped them to enhance, strengthen and scale-up the work that they were already doing and to expand the space in which they could collaborate with local governments, other community organizations and other stakeholders, in order to bring about citywide change. Community-driven upgrading initiatives (including the provision of paved roads, drainage, water supplies, toilets, community centres, bridges, playgrounds, and composting, etc.) were worth USD 11.4 million; 59% of this came from local government contributions, in the form of cash and materials (USD 6.7 million); 17% was contributed by the communities; and the remaining 24% was provided by ACCA.

The total value of the 146 housing initiatives was USD 104.8 million, including the cost of the land and the housing. Local and national government authorities provided 80% of this, mainly in the form of free land and infrastructure support. There was then a 5% contribution from the ACCA programme and 12% from the communities themselves.

The ACCA financial support package provides only USD 58,000 per city:

- USD 15,000 for at least five small upgrading projects, in at least five different communities in each city. However, many groups have opted to try to stretch this USD 15,000 budget to implement small projects in as many as 12 different communities!

The Asian Coalition for Community Action Program has demonstrated how providing very modest financial support to community savings groups could effectively catalyse upgrading initiatives, strengthen citywide community networks and engage LRGs.

Source: Asian Coalition for Housing Rights. 'Housing Policies in the Asia Region'. Working Papers for the UCLG Housing Report. Bangkok, 2018.

- USD 40,000 for one major housing project in each city, with a maximum of about seven or eight major housing projects per country (not all ACCA cities have implemented major housing projects).
- USD 3,000 to support city processes and cover a variety of joint development processes within the city, such as the cost of surveying and mapping, network-building and providing support for savings activities, local meetings and exchanges.

The ACCA has set extremely modest budget ceilings for most of the specific activities that it supports. This was seen as a way to remove emphasis from the budget aspect of the programme so that community groups could think more about the real substance of their citywide upgrading process and about the resources that they could bring to the table and about the partners with which they should establish collaborations.

As noted in the discussion on community-LRG driven upgrading, community-based organizations and networks in many countries have already been using the tools of citywide and settlement-level mapping and surveying as part of their planning and advocacy for many years. Such surveys and mapping tools were key components of the ACCA-supported initiatives described in Box 26. We have also noted earlier in Part 2 how thousands of informal settlements in over 500 cities participated in 'Know your City' campaigns and gave examples of mapping and enumerating informal settlements with the support and recognition of their respective LRGs.

Valenzuela provides a good example of how community-led, citywide, surveying and mapping can lead to a collaborative process through which governments can address city housing problems.

Promoting citywide surveys and mapping is one of the most powerful tools to help communities strengthen themselves, develop their own alternatives to eviction, and negotiate solutions with the relevant authorities. This should include identifying where squatter communities are, finding out who owns the land that they occupy and whether that land can be negotiated for or not, and identifying any other land that may be available for housing, when relocation is necessary.

These surveys have proven to offer powerful ways to build partnerships between communities and city authorities. In many cases, LRGs have welcomed this community-led gathering of information, which local authorities often do not have the resources to carry out. They have therefore often collaborated with local community organizations to validate the information obtained and to use it to plan housing, negotiate for land and secure tenure, resources and support in a more effective way. Examples of community-local government partnerships in Kenya and South Africa were presented earlier; Box 27 provides further examples from Valenzuela (the Philippines) and Nuwara Eliya (Sri Lanka).

Box 27: Citywide surveys and mapping and local government engagement in Valenzuela, the Philippines, and Nuwara Eliya, Sri Lanka

The city of Valenzuela (which is one of the 13 cities that form part of Metro Manila) provides a good example of how community-led, citywide, surveying and mapping can lead to a collaborative process through which governments can address city housing problems. With a small grant from ACHR, the Philippines Homeless People's Federation

and other federations joined forces to survey and map all of the poor settlements within the city. This included gathering information about who lived where, land tenure, infrastructure problems, existing organizations, and NGO support systems. In total, 31,273 households in 231 urban poor settlements were surveyed. The resulting mapping identified settlements that were: in dangerous areas, on government land, on land subject to on-going court actions, on land affected by infrastructure projects, on public land, and in various public and private social housing schemes. This brought all of the, previously invisible and unorganized, informal communities in the city into a new citywide network that came to be called the Valenzuela Peoples Organization Network (VALPONET).

When they had finished mapping the first district (*barangay*), they presented their data to the *barangay* and municipal authorities, along with plans for upgrading five pilot communities. The mayor gave his full support to the citywide and community-driven planning initiative and to the upgrading process that followed. A special Informal Settlers Loan Assistance Programme (ISLAP) received support in the form of a grant of 10 million Pesos (USD 186,000) from the municipal government. It gave low-interest loans to the communities to acquire land, improve housing, improve common infrastructure and undertake other development projects. Between 2013 and 2016, all five pilot communities achieved secure tenure and were able to upgrade their housing. Many other communities also began to develop housing plans at this time. Some of them used loans from the national CMP programme to buy the land they had been squatting on; this was done with the aid of local government support. The municipal government also built transitory rental housing for families living in dangerous areas to keep them safe while they searched for alternative land. This citywide upgrading process continues today, although it slowed down when a new and less-supportive mayor was elected.

A citywide survey of slums in the town of Nuwara Eliya (Sri Lanka) led to housing breakthroughs and a strong partnership with the municipal government. Many of the 32 slum settlements in this town, which is in the tea-growing highlands, were built to house Tamil tea plantation workers, although some are more recent squatter settlements. Housing conditions are inadequate, and no one has legal tenure. The local Women's Co-op had started savings groups in a few settlements, but without any relationship with the municipal council, and also without any programme relating to land or housing-related issues. In 2009, the local Women's Co-op and citizens worked closely with the municipal council to survey and map all 32 settlements. After the survey had been completed, they set up a joint city development committee which was chaired by the mayor and included community leaders, Sevanatha (the support NGO), and municipal officials. The mayor supported the communities in these meetings and helped them to negotiate secure tenure agreements with national land-owning agencies in several different settlements. Municipal staff now work with the Women's Co-op leaders when they start up savings groups in new areas.

Data for urban planning

Most urban LRGs in Asia and Africa do not have specific information about informal settlements, housing conditions, or unoccupied housing units in their cities; this complicates effective planning and governance. **There is, however, widespread interest in collecting data for citywide action on informal settlements. It is equally as important to obtain the data needed for the governance of cities and their surrounding areas, and especially for land use management.**

Most Asian and African LRGs lack information about informal settlements, housing conditions, or unoccupied housing units in their cities, which complicates effective planning and governance.

There are vast differences in the data available to different cities for their planning and governance. At one extreme, LRGs in the most developed countries usually have relevant data available to them for all their addresses and almost all their inhabitants. They have detailed data on population, housing and living conditions for the whole city; this can be obtained from censuses, which are usually held once every ten years. Utility suppliers also hold data on all of those households who they serve. Data can also be gathered relating to the use of public transport systems. It is equally important to have data relating to health, which can often be obtained through LRGs engaging with the populations within their respective jurisdictions. In the case of health, it is vital for registration systems to provide detailed data on premature deaths and their causes, broken down for each small area. Hospital and health care centres should have digital records of patients' illnesses, injuries and deaths, also broken down for each small area unit. Data on injuries, illnesses or deaths at work can be obtained from employer reports as well as from the health care system. There should also be constant monitoring of air pollution and water quality. Data about deaths and injuries from traffic accidents and accidental fires and their impact are also usually available to LRGs and often on-line.

At the other extreme, and particularly in the less economically developed territories of the world, there are many cities that either have none of the above or, if they have some such data, its coverage is very limited. Censuses are meant to provide detailed data on housing conditions, infrastructure and services for each household, but in some countries, they are conducted on an irregular basis and are often incomplete. It is also rare for census authorities to provide the disaggregated census data that local governments need at the level of the individual street or ward.

Censuses in Viet Nam, for instance, do not count housing units and buildings or collect information about the nature of the total housing stock: whether it is permanent, temporary, formal or informal. Without accurate information about the nature of the housing problems in each neighbourhood, and without a common understanding of these problems by the key local stakeholders in a city, it is difficult for LRGs to plan effective strategies to address these problems.

Urban planning and smart cities

From these needs came the concept of the smart city, in which electronic data collection systems provide useful data for planning and managing cities, public services, and interactions with their populations. **Having access to better quality data should promote better governance, as it should permit better planning strategies, help improve programme design and lead to better outcomes. It can also be used to establish benchmarks to monitor progress, measure impacts and promote greater transparency and accounta-**

bility across all levels and spheres of government. Furthermore, IT services available via websites can facilitate allow payments for services and speed up routine procedures such as requests for permission to develop land.

We shall now examine some examples of ‘smart city’ initiatives in three Latin American countries. It is interesting that they focus on open data systems and mechanisms that encourage greater citizen engagement; this aspect of smart cities is, however, less evident in Asia and Africa.

In São Paulo, Brazil, the 2014 Strategic Master Plan, and several sectoral plans, such as the 2016 Municipal Housing Plan, included new open data systems that allowed citizens electronic access to documents relating to proposed policies and made provision for them to insert comments and suggestions. This initiative included the ‘Habitampa’ portal for the Housing Plan, which contained information about intervention plans in precarious settlements and municipal plans and lines of actions relating to housing issues. Other portals were set up using geo-referenced urban data. These included the GeoSampa platform, which provides citizens with access to the official data base of the Municipality of São Paulo. These actions show how it is possible to provide more transparency and avenues through which citizens can voice their opinions; this is something which can be difficult in a city the size of São Paulo, with some 12 million inhabitants. Such initiatives also provide a shared information base for all areas of government.

In Argentina, the National Open Platform on Habitat – an electronic portal promoted by the Ministry of the Interior, Public Works and Housing –, gathers information from different levels of government (including local government bodies) on housing policies and makes these more generally accessible.

In El Salvador, the Territorial Observatory provides open access to geo-referenced information for the population, civic organizations and both the public and private sectors. This has contributed to improved decision-making relating to transformations and changes in geographic space.

These examples show the importance of using these smart tools to strengthen the linkages between planning and the public action planned by different sectoral agencies. Geo-referencing gives greater precision to this overlay of information and helps prevent unnecessary and duplicated spending. These instruments also provide a way to improve social control over public housing policies and bring civil society closer to the planning actions conducted by governments.

One important aspect of the smart city is the range of information and services available via the web. The city of Indore, in India, offers an impressive range of services on its website: payments can be made for rent, property taxes, water, and solid-waste management services. It is also possible to renew licenses, obtain birth, marriage and death certificates and participate in public tenders.¹²² Even so, half the city’s population live in informal settlements where there are very important deficits in the provision of piped water, good-quality sanitation, good drainage, flood protection and water management.¹²³

The term ‘smart city’ is also used for large, private sector, gated urban developments and cities as an attempt to provide a “technological fix to social problems, which don’t have technological fixes.”¹²⁴ It has been observed that: “Smart Cities appear less as a novel idea floated to guide the sustainable development of our future cities, and more as an ideological cover for the ongoing processes of neoliberal urbanization.”¹²⁵ For example, for the Indian government mission

122 See Indore Municipal Corporation’s website, accessible at: <http://imcindore.org>.

123 Indore City Resilience Strategy Team, ‘Indore City Resilience Strategy for Changing Climatic Scenarios’, 2012.

124 David Harvey, *Social Justice and the City* (Basil Blackwell, 1988), 150-51.

125 Antarin Chakrabarty, ‘Smart Mischief: An Attempt to Demystify the Smart Cities Craze in India’, *Environment & Urbanization* 31, no. 1 (2018): 193-208.

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Anupam Saraph, a visiting professor of systems science cited in Chakrabarty.

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See G. Sampath, 'Fooled by Smartness', *The Hindu*, 2016, in Chakrabarty, 'Smart Mischief: An Attempt to Demystify the Smart Cities Craze in India', accessible at: bit.ly/2pKyYTR.

on smart cities, "the Smart City mission is not meant for city improvement but caters to the interests of real estate and technology players."¹²⁶ It will focus on just one small area in, or around, selected cities and will get the infrastructure developed to first world specifications. This is where the bulk of the smart city funds will go. This means there will be no major public investment in expanding urban infrastructure.¹²⁷

There are many ambitious plans for new cities and/or large developments close to cities in sub-Saharan Africa and many are presented as smart cities, but they normally have similar characteristics to those mentioned above. If they are built, they tend to be really gated communities, but built on a larger scale. LRGs may demand that these include a percentage of 'affordable' housing units in return for planning permission, but developers normally seek to minimize these and the land area that they cover.

Modifying standards/cutting costs/new plots

The gap between housing prices and what low- and middle-income residents can afford can also be cut by providing cheaper solutions. As already mentioned, one example would be to provide serviced plots or core houses onto which the occupants could later build; another would involve smaller lots or cheaper infrastructure. Subsidies can also be reduced by building in peripheral areas where land costs less, but most low-income groups do not usually want such housing and/or cannot afford the transport costs to access distant labour markets.

Box 28 gives some examples of the inappropriateness of many building regulations. Urban laws must be more pragmatic in the face of urban realities and "set standards of behaviour that people, organizations and governments are realistically able to meet"; they must also be responsive to real needs, scalable and implementable.¹²⁸

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Edgar Pieterse, Susan Parnell, and Sylvia Croese, 'The 2030 Agenda: Sustainable Urbanisation, Research-Policy Interface and the G20', 2017.

Box 28: Colonial Influence on building regulations

The building laws in some former Portuguese colonies used to include stringent measures to minimize earthquake damage, even though the risk of earthquakes in these countries was often, and still remains, minimal. In a similar vein, a colonial administrator in the Kenyan capital, Nairobi, once decided that the city needed a set of bylaws governing building regulations. However, instead of drafting a new set of bylaws, he merely copied those from his hometown of Blackburn (in the UK), simply replacing any references to 'Blackburn' with 'Nairobi'. As a result, Nairobi's building regulations required roofs that were able to withstand six inches of snow. Although the snow-load requirements were scrapped in the 1970s, building regulations in Nairobi continue to be so unrealistic that they are ignored by the majority of people. Kenya has recently indicated it will adopt new EU building regulations but these will no doubt have been designed ostensibly for high-income countries. It remains to be seen how they will adequately adapt these regulations to the urban challenges presented by rapid influxes to cities and high rates of informal development.

Source: Gardner, David, and Toutain, Olivier. 'Africa Report on Housing'. Working Papers for the UCLG Housing Report, 2018.

Working with the market

Too little attention is given to LRGs working on unsubsidized solutions that allow action on a much greater scale because the users pay the full cost. We mentioned earlier the example of Namibia, where the Namibian Homeless People's Federation persuaded the government to reduce the standards required for serviced plots in order to increase the proportion of the population able to afford them. In Karachi, and in many other cities in Pakistan, a local civic organization (The Orangi Pilot Project Research and Training Institute) has shown how the cost of sewers and storm drains could be reduced to a level that low-income households could afford. Government agencies were able to provide the trunk sewers and storm drains, so it was a community-civil society-government utility partnership that did this and the results reached hundreds of thousands of households. In Mexico, a large private cement company realized that low-income households developing their homes incrementally would constitute a large potential market for their products and therefore developed a financing and technical assistance service to support them. Most rental accommodation is provided by private sector landlords and many national governments and LRGs now recognize the need to work with these to expand rental housing.



Financing an Effective Housing Policy



As previous sections have already made clear, housing policy is one of the most complex policy areas as it encompasses so much. It involves: ensuring the availability of serviced land, finance and support for building and upgrading houses; producing urban infrastructure; providing public services; managing the built environment (including public space and public housing); and urbanizing precarious settlements. In most countries, most of these tasks are the responsibility of local governments. They all need financing, however, and so the key question is how to get finance for direct or indirect investment for all of these needs and also to help make housing accessible to lower income groups living in each urban area.

Delivering good quality housing for everyone requires the mobilization of large volumes of resources that very few governments can afford on their own. This makes it relevant to investigate the scope available for drawing on finance by working with the private sector, in areas such as the production and management of affordable housing. It is also important to investigate the scope for drawing in finance from community-driven housing policies and non-profit housing providers and for obtaining loans/mortgages to spread the cost of housing and infrastructure over long periods. It is similarly important to find out what local revenue sources can be drawn on, which could include local government bodies capturing unearned increments in land value to help finance housing policies.

This Report highlights many examples of innovation in the financing of housing solutions, most of which are associated with LRGs and involve making limited funding go a long way. However, increasing the scale and scope of such strategies requires strong, accountable, competent LRGs and solid support from higher levels of government. As a result, the discussion on obtaining finance to meet housing requirements needs to be included in wider discussions of how to strengthen LRG finance so that it can meet its many housing-related responsibilities. We will return to this issue in a later section on governance.

Housing finance is usually seen as finance to allow someone to purchase a legal house or flat with the purchase price including connections to piped-water supplies, sewers, electricity and all-weather roads. It gets a little more complicated, however, when 'housing finance' is seen to include the finance needed to expand and extend these connections.

Finance for an effective housing policy ranges from finance for households to buy or build housing, buy house plots, or improve their current home, to financing for infrastructure and service providers to extend and improve provision, and to the financing of other measures that support housing construction or improvement or that help make existing housing more affordable. There is also community, or collective, finance. This is the finance that communities can contribute through their own savings groups in order to address collective needs. There is also the collective finance that external agencies can bring to support upgrading or the acquisition of land for new buildings.

Groups in different countries have developed different models for organizing community savings and funding, with each being shaped by very different contexts and histories. In the case of households in cities in the Global South, conventional housing finance agencies often have difficulty meeting key demands to grant loans for upgrading or extending existing housing or for buying houses or housing plots in informal settlements. In seeking to reach low-income, and

Delivering good quality housing for everyone requires the mobilization of large volumes of resources that very few governments can afford on their own.

Housing finance is usually seen as finance to allow someone to purchase a legal house or flat with the purchase price including connections to piped-water supplies, sewers and electricity.

often some middle-income groups with better housing, providing finance for upgrading existing housing is important, as is providing finance for purchasing, or leasing, a house plot on which to build (as in the examples of local government programmes already highlighted).

LRGs have to develop financial frameworks for investment in infrastructure, including infrastructure for housing. This is the case whether this is for public or parastatal agencies, or private contractors – such as privatized or private sector enterprises. This is meant to ensure the orderly planning, servicing and development of land and housing. It also implies an obvious need to finance this action, whether funding comes from local revenue sources or from higher levels of government.

Financial frameworks are also needed for the provision of public services, in order to ensure that there is adequate funding for (mostly local) government-run services which may include in many countries: schools, health care/hospitals, emergency services, street lighting, access to water and sanitation services, household waste collection, and the management of public space, most of which are linked to housing. Housing policies and the resources available to support them are naturally influenced, and often constrained, by bigger issues. These may include local and national politics and policies, the local impact of global and national economic change, and the local impact of urban dynamics that affect the land and housing markets. An earlier section on the financialization of housing (see part 1, Section 2.3) dealt with some of these issues, but it is beyond the scope of this Report to cover these larger-picture issues in much detail.

Much of the background paper on Africa that contributed to this paper is about the main economic and political issues that constrain financing an effective housing policy there.¹²⁹ Much of the background paper on Latin America used for the development of this paper examines how to generate much stronger autonomous funding for LRGs as a precondition for more effective housing policies.¹³⁰

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David Gardner and Olivier Toutain, 'Africa Report on Housing', Working Papers for the UCLG Housing Report, 2018.

130

Eduardo Rojas and João Sette Whitaker Ferreira, 'Regional Report on Sub-national Governments and Housing Policies in Latin America and the Caribbean', Working Papers for the UCLG Housing Report, 2018.

Lack of finance/Unaffordable housing

Most formal housing finance, whether from the government or the private sector, is not accessible to low-income groups. Many government housing finance institutions provide housing loans, but only to families with assets, higher incomes and regular jobs, or good contacts. Many housing and land finance options require borrowers to have land titles or formal land rights (such as a legal address) in order to access loans. Most of the urban poor have low and/or irregular incomes from informal sector jobs, lack formal land tenure or collateral, and/or do not even have a legal address; this makes it all but impossible for them to even ask for a housing loan.

From the early 1980s onwards, concerned about the need to find funding for housing, China began to experiment with an individual savings fund system that would help to boost home ownership. In 1991, Shanghai introduced a Housing Provident Fund, modelled on Singapore's Central Provident Fund. This was a compulsory savings scheme for employees and employers that allowed savers to draw against a special housing account to buy housing. In 1992, the scheme was extended to more cities. The Fund helped establish a norm of regular saving for home buying in China's post-central planning society. By the end of 2014,

around 110 million urban residents were contributing to the Fund and a total of 23 million people had already directly benefitted from it.¹³¹

Across Africa, planned, formal housing projects, developed by both private and public agents, are almost exclusively focused on the top few percent of the highest-income households. In 2017, in most African countries, less than 10% of the urban population could afford to purchase the cheapest, newly-built housing with mortgage finance. Even if mortgage financing were readily available in Kenya, only 10% of households could afford a mortgage of USD 10,000 and barely one third of all households would be able to afford one of USD 5,000.¹³² Conventional housing finance does not therefore reach low-income households in most of Africa. It is a similar story in much of Asia, whether relating to mortgages or subsidized housing. On both continents, the majority of the large-scale government housing finance programmes have failed to benefit low-income households.

In most of the cities in the Global South, people constructing their own homes using informal settlements and using informal sources of finance is the only option open to low-income groups seeking housing. However, house and land prices are on the increase in many informal settlements and have rapidly become unaffordable to low-income groups, especially in the better located and more secure areas, where there is a tendency for gentrification.

The great advantage that renting housing offers to low-income groups is that it does not require finance; even so, landlords may demand sizeable deposits. On the other hand, the disadvantages tend to include high rents in relation to tenant income, poor quality housing, a lack of basic services and little or no security, due to there being no effective framework to hold landlords to account.

Providing housing finance is meant to make housing more affordable by spreading repayments over long periods. In practice, however, this is often made more difficult, as housing prices have been rising faster than incomes. Other factors that make housing more expensive include high interest rates for housing loans/mortgages, unrealistic building standards, and a lack of cheap serviced sites.

Providing finance should help households to obtain piped water, sanitation and electricity from utility companies by helping to cover connection fees. For many informal settlements, however, there is no system to connect to.

Finance can also aggregate demand and stimulate an appropriate supply in the housing market. This, in turn, can improve the ability of developers to produce housing at scale and at competitive prices.

Challenges faced by LRGs in housing interventions

Although earlier sections have shown many innovations in city housing policies, few local governments have the financial resources to be able to act autonomously. Most are dependent on external (state/provincial, national or international) funding. In Latin America, for example, there are a few large, resource-rich municipalities with active housing programmes (Buenos Aires, São Paulo, Medellin, Mexico), but throughout most of the region, central (and sometimes regional) governments are the only entities with large enough resources to carry out progressive housing policies. As a consequence, the housing policies in most Latin American countries tend to be mainly designed, financed and implemented by central governments.¹³³

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Stephen Green et al., *Exit the Dragon? Privatization and State Control in China*, ed. Stephen Green and Guy S. Liu (Wiley-Blackwell, 2005), chap. Urban housing privatization.

132
David Gardner, Keith Lockwood, and Jacus Pienaar, 'Kenya Country Private Sector Diagnostic - Affordable Housing Deep Dive' (Washington DC, 2018).

In 2017, in most African countries, less than 10% of the urban population could afford to purchase the cheapest, newly-built housing with mortgage finance.

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Rojas and Ferreira, 'Regional Report on Sub-national Governments and Housing Policies in Latin America and the Caribbean'.

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Edgar Pieterse and Katherine Hyman, 'Disjunctions between Urban Infrastructure, Finance and Affordability', in *The Routledge Handbook on Cities of the Global South* (London: Routledge, 2014).

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Ministry Of Housing And Urban Affairs (MoHUA), 'National Urban Policy Framework', 2018.

Housing policies in much of Africa are centralized. This is also true of providing housing finance, which is still mainly seen as a function of national government.

We have noted already how housing policies in much of Africa are centralized; this is also true of providing housing finance, which is still mainly seen as a function of national government. It is, however, at the level of the city and town that government, the private sector, individuals and communities combine to create housing. Even so, most African LRGs lack sufficient resources to assume the ever-expanding housing and infrastructure-related functions demanded of them, and this problem has been exacerbated by rapid urban growth.¹³⁴

Finding ways to increase the financial independence of subnational governments becomes central to strengthening housing actions conducted by local governments. The challenge is greater for small and medium-sized municipalities, which tend to suffer greater financing difficulties because they have low revenues, little potential for attracting foreign investments, and little attention from the formal production sectors.

In India, sources of revenue for local governments include tax revenue, non-tax revenue, funds devolved from the state government, grants from the centre and state for development schemes and borrowing. For most local governments, however, revenues are not enough to cover expenses, let alone fund needed investments.¹³⁵ Some local governments are exploring the use of municipal bonds to raise money. These bonds are in existence from 1997 but did not progress much until 2015, when fresh guidelines were made for the issue of municipal bonds.

The lack of fiscal autonomy has meant that local governments still rely on central government schemes to provide housing for the urban poor (despite the evolution of decentralization) and even then, they struggle with implementation. Central government makes available very substantial funds for projects that are meant to benefit the urban poor, as in the PMAY-U scheme described already. But these are often poorly spent or not spent at all because of the weakness of LRGs in housing interventions.

Meanwhile, parastatal agencies that have been engaged with housing have accountability towards state rather than local governments (and local populations). There is a fragmentation of functions and a lack of coordination between multiple agencies at the local level and within local government departments. City-level data and information is rarely shared, even internally. The consequence is disconnected plans and project designs that do not take into account the voice of communities.

In most of Africa, the direct financial participation of local government bodies in schemes to promote affordable housing and urban development tends to be very low. LRGs are generally required to contribute, either directly or indirectly, to any public support given to social housing and the upgrading of existing neighbourhoods. However, they normally lack the financial capacity to do so; this is evident from their lack of budgetary and fiscal autonomy and a result of their high dependence on central governments for funding for local infrastructure and housing programmes. This can also be seen in the very low levels of municipal expenditure as a percentage of GDP and the very low level of municipal tax revenue as a percentage of central government revenue.

Where fiscal transfers and local financial resources are received, the resources available are often limited and insufficient to fund anything beyond basic operating costs. Under-performance in terms of revenue collection, combined with inefficient implementation and mismanagement, mean that despite financial transfers – which are often meagre – there tend to be very low returns on the limited financial resources available, while significant potential local financial resources remain untapped.

There is also a massive gap between the funding needed to address the urban infrastructure deficit and what is available. In Section 1 - Part 1, we noted the scale of the deficit in Africa for the provision of water and sanitation. National public spending on infrastructure is very low across Africa. The relevant question is how this can be addressed so that most of the funding is dedicated to: operational expenses (and especially salaries); the capture of revenue by national, state-owned entities (such as utility companies and housing development bodies); limited direct lending to local governments for infrastructure projects; and constrained local revenue collection.

Raising Finance for LRGs - Land-based financing

For many LRGs, the finances that they raise from property taxes, service charges and public housing rents are significant sources of revenue. Even so, they are not usually sufficient to finance social housing interventions. **The potential of LRGs capturing the increase in land values created by urban expansion to expand local government revenue and help increase the supply of urban land for housing has long been recognized.** This has been recommended for decades now (in fact, it was one of the key recommendations that governments agreed to at Habitat I in 1976). At Habitat III, in 2016, discussions again optimistically highlighted the potential for doing this and, in particular, capturing land value, just as had been suggested at Habitat I, 40 years earlier. Strategic land use planning and public investment can shape urban form and expansion in ways that yield economies of agglomeration and scale for housing and for other forms of urban development. These can also provide the basis for land value capture and for other forms of land-based finance.

Land values and land availability for housing and related infrastructure projects are influenced by demand and supply, but the supply and price are also influenced by a number of other factors: investment in infrastructure (especially expanding city infrastructure to previously unconnected areas); land management regimes; the capacity of municipal authorities to tax land; and also the aggregated impact of private investment and the intrinsic characteristics of the topography and geography. Powerful real estate interests also influence the price and availability of land for housing, both within and outside the formal market, in most cities in the Global South. As we noted earlier, the financialization of housing has also contributed to higher housing prices and rents and to reduced tenure security, in many cities.

In recent years, there has been renewed interest in tapping rising land values as a source of municipal finance. LRGs are currently trying to, or considering, new land-based finance approaches to financing access to land for low-income households. Using land-based financing "...it is possible for local governments to marshal various instruments to capture this rising value with an eye towards long-term capital investment...they may collect revenue that they can use for urban investment, require direct investment from developers, or use the revenue stream to leverage the finance needed for larger investment projects (i.e. through borrowing).¹³⁶

It is important to differentiate between land value capture and land-based financing. Land value capture refers to a suite of instruments that allow the rising value of urban land to be leveraged by the state.¹³⁷ This capacity is further enhanced if local government bodies have control over urban infrastructure budgets and over planning processes (i.e. the ability to regulate development).¹³⁸

Strategic land use planning and public investment can shape urban form and expansion in ways that yield economies of agglomeration and scale for housing and for other forms of urban development.

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Berrisford, Cirolia, and Palmer, 'Land-Based Financing in Sub-Saharan African Cities'.

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George Peterson, 'Unlocking Land Values to Finance Urban Infrastructure: Land-Based Financing Option for Cities' (Washington DC, 2008).

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Ian Palmer and Stephen Berrisford, 'Urban Infrastructure in Sub-Saharan Africa - Harnessing Land Values, Housing and Transport', 2015.

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Global Land Tool Network,
'Leveraging Land: Land-
Based Finance for Local
Governments - A Reader',
2016.

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Tony Crook, John Hen-
neberry, and Christine
Whitehead, *Planning Gain:
Providing Infrastructure
and Affordable Housing*
(Wiley-Blackwell, 2016).

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Crook, Henneberry, and
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Gregory K. Ingram and
Yu-Hung Hong, *Value Cap-
ture and Land Policies* (Lin-
coln Institute of Land Pol-
icy, 2012).

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Julie Kim, 'Handbook
on Urban Infrastructure
Finance', 2016.

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Oscar Borrero Ochoa, 'Bet-
terment Levy in Colombia
Relevance, Procedures, and
Social Acceptability', 2011.

Land value capture seeks to quantify, collect and distribute the increase in the value of urban land that is attributable to state investment and regulation.¹³⁹ It is implemented through instruments designed to tax development value and applied through the planning system.¹⁴⁰

Land-based financing refers to a broader category of financing mechanisms that include land value capture and also contributions made by property owners and/or developers, regardless of whether land values are increasing or not. These are "designed to raise funds from developers to help pay for the infrastructure needed, on the one hand to allow their development to go ahead or to mitigate its impact and, on the other hand simply to pay for infrastructure requirements".¹⁴¹

In and around growing cities, development rights are valuable. When local government gives permission for a new urban development, the value of land is increased – and typically with very large increases, especially if this is on what was agricultural land. In Brazil, development rights are sold through the CEPAC (*Certificados de Potencial Adicional de Construção or Certificates for Additional Construction Potential*) bonds. These bonds are an urban funding instrument that combines value capture, development exaction and air rights sale (permitting higher densities). In São Paulo, the bonds are issued by the local government and sold via the stock exchange. This innovative product was conceived in 1995 in the Faria Lima Urban Operation, but it only began to operate in 2004, after the 2001 approval by *Estatuto da Cidade*, which included the CEPAC as an instrument that could be used in all Brazilian territories.¹⁴² The developer who bought the rights could then expand their floor area ratio, or change the land use (within the perimeters of the law).

Some municipalities in Brazil use CEPAC bonds as additional development rights on specially designated areas within their cities that need redevelopment. São Paulo was able to raise over RUSD1.6 billion (USD 800 million) for two small redevelopment areas in the first five years of their CEPAC bond offering. These bond proceeds represented almost 60% of the annual property tax revenues for the entire City. The proceeds provided upfront funding to build roads, transit, and affordable housing in the designated redevelopment areas.¹⁴³ While this tool has many important attributes such as raising large amounts of revenue, there is increasing debate on how the bonds increase property values and contribute to gentrification.

A betterment levy can help to capture the appreciated value of property post-infrastructure investment as well as funding infrastructure. This takes the form of a tax or fee assessed in a geographically bound area. In parts of the USA, this is a mandated fee.

Colombia is regarded as a country in which betterment levies (known as *contribución de valorización*) have been applied with reasonable success. According to a Lincoln Institute study, Bogota made about USD 1 billion worth of investments in public works from this levy.¹⁴⁴ In addition, eight smaller cities combined had obtained another USD 1 billion for public infrastructure and the collection of this fee has generally been accepted by taxpayers, though differences have arisen on how the charges are calculated. The levy has resulted indirectly in improvements in housing areas occupied by predominantly low-income groups who benefited from improved access to employment opportunities.

In South Africa, where the concern on the impact of this kind of contributions on income distribution is also important, there has been an increase of improvement districts through metropolitan municipalities. These improvement districts

generally are at precinct levels and impose a fee for increased security, lights, and other services.

Betterment levies function similar to Tax-Increment Financing in that there is a tax based on the incremental tax increase to land-values based on infrastructure investment. This is one of the primary challenges of implementing betterment levies - assessing the incremental value added to the land due to the infrastructural investment. This is an issue also for more advanced countries with robust property data and land records.

Providing public infrastructure may also include measures to capture increases in the land values that their provision creates. This could include, for instance, extending infrastructure to previously unserved areas, or providing it in, and around, public transport hubs. For areas that have been newly connected to infrastructure networks, or that are to be connected to them, very large increases in land values can be generated. LRGs should be able to purchase land in areas that are connected to city infrastructure at pre-development prices and then resell sites to developers at much higher prices once the infrastructure has been installed. This should also include serviced land destined for affordable housing for low-income groups. Of course, landowners will tend to oppose local authorities being able to buy their land at pre-development prices, but this problem can be avoided if provision is made to include them as stakeholders in the new development.¹⁴⁵

The possibilities of doing this have been explored for Mumbai.¹⁴⁶ A bus-based Rapid Transit System feeding a suburban railway station could provide new land for housing and extend the journey-to-work area in Mumbai. This would increase the supply of urban land which, in turn, would help to reduce land prices (or at least the rate at which land prices increase). This could provide well-located affordable housing for low-income families, and would also be self-financing. It would also be a way to overcome the opposition of landowners by making them shareholders in the larger project.

However, capturing a share of the increasing value of urban land is a political rather than a technical process.¹⁴⁷ This was evident in an analysis of the experiences of Addis Ababa, Harare and Nairobi, along with 29 other, more discrete, development projects undertaken in different parts of Africa. This highlights the need for the political will, commitment and capacity to share the costs of urban development with the property developers and landowners who benefit from infrastructure investment.

The local government of Addis Ababa uses the allocation and auction of leases and property taxes as mechanisms to release land value for development needs. The direct allocation of land to developers is the predominant instrument used to finance the provision of social amenities, public buildings and the release of land for lower-income housing projects.¹⁴⁸

In several Latin American countries, a range of urban development tools have been developed to draw revenue from land; these include instruments for capturing land value. This has helped to finance the provision of infrastructure and social housing for districts with few public services, as well as to carry out public works in general.

This experience with land-based financing is a reminder of how important it is to have a clear municipal plan for its implementation. In Colombia, for instance, Federal Law 388, of 1997, required all municipalities to draw up land or territorial plans. This Federal Law also included a chapter on Urban Value Capture,

LRGs should be able to purchase land in areas that are connected to city infrastructure at pre-development prices, including serviced land destined for affordable housing for low-income groups.

145
Patel, Saluja, and Kapadia, 'Affordable Housing Needs Affordable Transit'.

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Patel, Saluja, and Kapadia.

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Berrisford, Cirolia, and Palmer, 'Land-Based Financing in Sub-Saharan African Cities'.

148
Berrisford, Cirolia, and Palmer.

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Oscar Borrero Ochoa, 'La Contribución de Valorización y Mejoras En La Experiencia Colombiana: Revisitando Prejuicios', in *Instrumentos Notables de Políticas de Suelo En América Latina* (Lincoln Institute of Land Policy, Banco del Estado de Ecuador, Ministério das Cidades (Brasil), 2014).

In most countries in the Global South, general taxation draws heavily on expenditure taxes, which are widely recognized to be regressive and therefore unfair to low-income groups.

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Jin Zhu and Weicheng Tang, 'Conflict and Compromise in Planning Decision-Making: How Does a Chinese Local Government Negotiate Its Construction Land Quota with Higher-Level Governments?', *Environment and Urbanization* 30, no. 1 (2018): 155-74.

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Zhu and Tang, 156.

including a set of instruments with which to do this. These included charging for development rights and for reclassifying land from rural to urban uses and charges for changing the use of a sector or an area of land. What is known as the Special Improvement Contribution is now one of the main instruments for taxing capital gains in Colombia. In the cities of Medellín and Bogotá, for example, much of the mobility infrastructure was financed using this instrument.¹⁴⁹

In Brazil, the Municipal Master Plan drawn up after the City Statute (Federal Law of 2001) began to incorporate instruments to capture real estate surplus value in order to finance different projects and housing policies. One of these instruments was the *Otorga Onerosa*, which landowners have to pay for the right to develop. The forms of payment of the additional construction rights vary from municipality to municipality and may be financial or physical, including the construction of housing units for the municipality. In São Paulo, the Municipal Urban Development Fund has channelled funds from the sale of construction rights into public investments in areas of social importance since 2002.

A review of the Municipal Master Plan determined that 30% of the funds raised in this way should be earmarked for the acquisition of land for social housing. Between 2005 and 2015, the total annual investment made by the city council using income obtained from this fund increased rapidly and eventually reached 16.3% of the total annual budget of the Department of Housing. However, two years later, in 2017, the size of the fund had fallen dramatically.

If local governments cannot find ways to retain some of the indirect returns from land development, they may not be able to finance the provision of public goods. Furthermore, if the costs of land development are not fairly shared between those who directly benefit from it, they will probably need to be met via general taxation. In most countries in the Global South, general taxation draws heavily on expenditure taxes, which are widely recognized to be regressive and therefore unfair to low-income groups.

In China, land-based financing, and particularly the leasing of land to property developers, is a major source of revenue for local governments.¹⁵⁰ Controlling the supply of land also offers local governments a way to assert their autonomy and demonstrate their legitimacy. However, the amount of land available for leasing is determined by higher levels of government and not necessarily determined using consistent formulae or criteria. "Decision-making on land use planning is highly politicized, negotiated and competitive in China, and it reflects the hierarchical system in administration."¹⁵¹

There are also other means by which land value can be captured for the public good. In a very different context, the public port corporation of Copenhagen took out a large loan, backed by the increase in the value of its land, to fund a large new development that included social housing. It also contributed to the costs of expanding the metro, which included building two new stations in the new development (see Box 29).

Box 29: Cross-financing housing and transport infrastructure in a large new development in Copenhagen

In Copenhagen, the Danish state owns a lot of land in areas suitable for urban development (particularly at the port and in a former military area), but it lacked the capacity to develop them. Copenhagen City and the Port Corporation (By & Havn), which is 95% controlled by the municipi-

pality and 5% by the Danish national government, developed Nordhavn: an ambitious new development, partly located on port land and partly on land reclaimed from the sea (using the material excavated while building the metro). Upon completion, in 40 to 50 years' time, this new site will house 40,000 people and offer the same number of new jobs.

With the money generated by borrowing against the land value of Nordhavn, the Corporation has been able to finance the new development and transfer USD 5.8 billion to the public company responsible for building the metro by borrowing against the (increasing) land value. This has contributed to the construction of the circular metro line and also to that of two new metro stops at Nordhavn, further adding to land values.

All the new buildings must meet the highest sustainability standards and 25% of the residential units will be destined for social housing managed by a social housing association. Those living or working within 50 metres of a metro station will have to pay extra. There is therefore a virtuous cycle: money is borrowed against the value of the corporation's land assets; part of this is used for development and another part is diverted to a fund for extending the metro system into areas in which the corporation has developed land; finally, the corporation will benefit from the increase in land values.

Source: Katz, Bruce, and Luise Noring. 'The Copenhagen City & Port Development Corporation: A Model for Regenerating Cities.' Washington DC, 2017.

If local governments cannot find ways to retain some of the indirect returns of land development, they may not be able to finance public goods. Alternatively, if the costs of land development are not fairly shared with those who directly benefit from them, then they are likely to be paid by general taxation. In most countries in the Global South, general taxation draws heavily on expenditure taxes, which are widely recognized to be unfair to low-income groups.

LRGs should also be raising substantial revenues from the sale of development rights, which are permissions that land-owners or developers need to build new developments, increase densities or change land uses. Proceeds from these can be used to fund other developmental purposes, including the expansion of urban infrastructure to previously unserved areas. LRGs can require one-off capital contributions to pay for all or a portion of the costs of providing the connecting infrastructure and sometimes public services to the new development. But one key reason why informal land markets exist is that landowners or developers can avoid these charges – along with not meeting building codes and regulations and not installing good quality infrastructure.

Public land leasing or sale can also be used to raise capital from un-or under-utilized public land parcels that benefit from public infrastructure installation (such as land around public transport nodes). In China, land-based financing – particularly land leasing to property developers – is a major source of revenue for LRGs.¹⁵² Control of land also offers a way for local governments to assert their autonomy and demonstrate their legitimacy. However, the amount of land available to lease is determined by higher levels of government and oftentimes not determined using consistent formulae or criteria. "Decision-making on land use planning is highly politicized, negotiated and competitive in China, and it reflects the hierarchical system in administration."¹⁵³

Many cities have substantial areas of land that belong to ports, airports and railway authorities and the military that could be developed based on the same principles as the Copenhagen example. Much of this land is in valuable cen-

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Zhu and Tang, 'Conflict and Compromise in Planning Decision-Making: How Does a Chinese Local Government Negotiate Its Construction Land Quota with Higher-Level Governments?'

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Zhu and Tang.

tral locations and so it could provide a valuable collateral for large loans. Like Copenhagen, it could contribute to local transport improvements, low carbon developments and social housing provision.

The challenges associated with efficient and equitable use of land-based financing include lack of market information, lack of critical powers at the local level, and undue influence on the decision-making process by landowners, land developers and other vested interests.

But there are a number of enabling conditions for land-based financing to contribute to local government revenue generation and infrastructure provision.¹⁵⁴ Of course, land-based finance depends on landowners and developers willing to work within this (and effective incentives/disincentives for them to do so). It also requires the existence of demand for property so that the increase in land value happens in the first place, as well as a responsive and flexible supply of urban land (without which increasingly demand will result in the growth of informal development and speculation as the constrained supply pushes up the prices of available land and property). As mentioned above, there must also be the political will at the local level and the capacity to implement, uniformly and transparently – and to overcome the opposition of land-owning elites. A functional planning system which includes a citywide plan for regulation of land and future development is also required to guide decision-making. Without a functional plan, it is difficult to charge for additional development rights or ascertain where future land value increases will be. Finally, a supportive national fiscal framework that gives local government the right to collect revenue or enter into contracts to support service provision is also necessary.¹⁵⁵

To ensure the delivery of more sustainable and affordable housing, LRGs need to tap multiple types and sources of finance and to interrelate synergistically at the local level.¹⁵⁶ The reasons for acquiring these resources include securing finance for recurrent municipal expenditure and for capital budgets dedicated to development projects and service interventions. This requires municipal revenue from local taxes, service charges and levies, subsidy budgets, private sector investment in development, and DFI and private capital grants and loans. Finally, financing obtained from household and community sources is also critical for maintaining a virtuous financial cycle through raising and repaying debt.

154
Palmer and Berrisford, 'Urban Infrastructure in Sub-Saharan Africa - Harnessing Land Values, Housing and Transport'.

155
K. Moeti et al., *Public Finance Fundamentals*, ed. Kabelo Moeti (Juta, 2014).

156
Centre for Affordable Housing Finance in Africa, 'Understanding Housing Markets: Using Municipal Data'.

There are a number of enabling conditions for land-based financing to contribute to local government revenue generation and infrastructure provision.

Community, city, national and international funds for local development

Over the last two decades, new or previously untapped resources have emerged as important contributors to more effective housing policies on the ground. These include community savings groups and their networks and federations - and the regional or national funds they have set up and co-manage. They include City Development Funds, many of which receive support from local governments. They include some national funds and some international funds that support partnerships between grassroots organizations and local governments.

In the past few decades, community-based savings groups and community development funds have emerged in many nations as an important new source of accessible finance for the lowest income groups - forms of finance which come wholly or partly from their own combined resources and which they manage themselves. Their importance is their capacity to serve and support those who

are particularly vulnerable in market-based, highly commodified urban economies and urban housing markets. While these households cannot afford to take out large loans, they need savings facilities and (supported by local groups) may successfully manage small loans to assist in emergencies. Community-managed funds can be designed to serve the individual needs of the most marginalized and disadvantaged urban residents. In addition, they enable collective action to deliver public goods, which makes these financial structures and processes a powerful developmental tool.

Community-based savings groups have also formed federations or networks; today there are at least 32 national federations of 'slum'/shack or homeless groups formed by community-based savings groups. These are creating and developing new financial instruments at city, regional and national level – and with the support of the International Urban Poor Fund managed by SDI to which they are affiliates. As will be described in more detail below, it is now common for these to receive support from local governments (and some national governments) – and this includes many partnerships and joint management of city development funds.

In the case of the Women's Bank in Sri Lanka, the *Mahila Milan* Women's Savings Collectives in India, and the Women's Savings Cooperatives in Nepal, what began as small groups of women saving together and lending to each other for their day-to-day needs, has turned into national community finance movements, with large amounts of lending capital. The savings cooperatives have been able to link with some private sector banks to expand their lending for housing. In Nepal, for example, women's savings cooperatives worked with their city/municipal authorities and a local NGO (Lumanti) to convince banks to give loans to members of poor communities. At first, the banks demanded guarantees to cover 80% of the value of each loan, but as loan repayments came in on time, this was guarantee was first reduced to 50% and then to 20%. At first, the banks issued loans directly to individual borrowers, who had to set up their own accounts with the bank. Half of the 8% interest that members had to pay on their loans went to the bank, while the other half went to a revolving loan fund. For later loans, the cooperatives were able to persuade the banks to grant bulk loans in the name of the cooperative which they could then pass on to members. To date, 756 cooperative members have received commercial bank loans, for housing, upgrading and livelihood projects, to the tune of USD 2.3 million.

The Asian Coalition for Housing Rights also supports federations or networks of savings groups – see for instance the support of the Asian Coalition for Community Action for community-led upgrading and new housing that has received strong support from local government as described in Box 26.

In the past decades, community-based savings groups and community development funds have emerged in many nations as an important new source of accessible finance for the lowest income groups.

The importance of collective finance

Collective finance, first and foremost, constitutes the legitimization of low-income groups' survival strategies, which are almost invariably collective. Collective loans and savings require that communities include everyone (even the poorest), work together, resolve disagreements, discuss common visions, and establish their own rules and management schemes. This creates new strength and confidence and establishes a collective support system within the group with which it is possible to undertake a wide range of initiatives they could otherwise never hope to embark upon individually. This mechanism, in combination with collective land tenure, reduces the vulnerability of the community

during the repayment period and during times of crisis, and also protects poor communities against market forces.

The example of the CODI, which was given earlier, shows how flexible finance is the chief tool required to multiply community-driven delivery mechanisms and give space to communities to find solutions working with their respective local governments. This flexibility is based on the fact that the credit products and conditions (interest rates, repayment periods, payment schemes, default proceedings, etc.) are defined by the communities themselves, case by case, in line with their needs, capacities, and preferences. In addition, communities have full control over the management of the funds and are trusted to make the most efficient use of their resources.

Local funds and other intermediary institutions

Some federations and savings networks have reached a considerable scale. It is, however, difficult for them to obtain support from local, national and international finance organizations as they do not normally meet the required eligibility criteria. There is a serious lack of intermediary finance organizations that can bridge the gap between these community-based finance systems and formal finance. On one side are the urban poor whose lives and incomes are irregular, informal, prone to crises and collective; on the other are the formal finance systems, which are inflexible, individual and full of rules that are not normally compatible with the reality facing informal settlers.

Shack Dweller federations in Kenya and India have also changed the way in which formal banks grant loans, enabling them to obtain appropriate financial support. Savings groups from the Kenyan Homeless People's Federation have managed to have a transformative impact by negotiating with commercial banks on behalf of the residents of informal settlements. Savings groups were originally formed because the conditions for opening formal bank accounts were too onerous for most residents of informal settlements. The banks required an initial deposit that was too high for low-income earners. Furthermore, potential customers were also initially expected to present guarantees from at least two people holding accounts at the same bank.

The need for such intermediaries has been well-illustrated by the work of the Indian Alliance, a civic coalition consisting of a membership-based organization (the National Slum Dwellers Federation), a federation of women's savings groups (*Mahila Milan*) and an NGO (SPARC). This Alliance helps its members (who are mostly women) to set up and manage their own savings groups so that they can respond to emergencies (such as crises and costs caused by ill health or associated with police arrests and fines). Over time, this organization has developed the capacity to provide finance to pursue opportunities for secure tenure, housing and basic infrastructure.

The Alliance has provided lower-cost access to good-quality sanitation for more than 163,000 households and directly-supported affordable shelter for 11,623 households. It has also facilitated access to government-provided resettlement housing for 32,774 households, improved tenure security for 42,068 households, and financed livelihood loans for almost 8,500 households. To accommodate the slow delivery of promised government and market subsidies, the Alliance has had to draw on its invested savings and grants to provide bridging finance.

Local funds can support numerous small-scale interventions and meet minor resource needs that larger, non-local funds would miss or find too difficult to provide for and manage at scale.

The Indian Alliance has used almost USD 18 million of international development assistance to leverage additional funds and established revolving funds to recycle this money. This has resulted in investments of almost USD 100 million, of which USD 56 million has been leveraged from government and market subsidies. The current value of the organization's revolving funds and capital grants is USD 20 million), which exceeds the initial value of donor contributions. This community-driven process has therefore established new financial structures and processes that offer improved development opportunities for a significant number of low-income, informal settlement residents and which protect their capital for further investment.

The initiatives of the Kenyan Homeless People's Federation, *Muungano wa Wanavijiji*, receive support from the Akiba Mashinani Trust (AMT), which also raises and manages bridging finance. The Trust has provided 7,000 households with loans for shelter upgrading, as well as supporting many community-led upgrading schemes (Weru et al 2017). The community-managed fund enables individual members to achieve their own individual goals and savings groups to strengthen bonds and carry out larger-scale projects. Loans are provided for consumption, livelihoods and shelter development (for housing, sanitation and other infrastructure). Between 2009 and 2016, the AMT issued project loans and grant capital worth USD 1.7 million to savings groups, in addition to consumption and livelihood loans. The Kenyan Federation has also received local government support for developing a community-driven upgrading programme in Mukuru: a cluster of informal settlements with around 101,000 households.

Local funds can support numerous small-scale, local interventions and meet minor resource needs that larger, non-local funds would miss or find too difficult to provide for and manage at scale. When available in the right place, they can help to solve local problems and mobilize the energy of larger systems. Opening space for communities to undertake minor interventions by themselves enables them to start new initiatives, build up their self-confidence, develop their capacity to manage their own development, and build trust and strengthen relationships with LRGs and other development partners. The Asian Coalition for Community Action Programme (ACCA) has shown how this can be done at scale, even with very modest financial support (see Box 26).

City/Community Development Funds

City-based community development funds (CDFs) are proving to be another important source of finance for community-driven development initiatives; they also offer an important new area for collaboration between poor communities and their LRGs.

Land and housing require a level of investment that goes well beyond the capacity of individual community savings groups, or even of large savings networks or federations. The first layer of community finance is that of small loan funds that people manage within their community savings group. The next layer is formed by savings groups that are linked together into networks and federations at various scales and which share experiences, help each other, and develop larger city-level or nationwide funds

City Development Funds (CDFs) work like banks but can work in more flexible ways and reach those who ignored/excluded by conventional banks and mortgage funds. They provide grants and affordable, long-term credit to address a

City Development Funds (CDFs) work like banks but can work in more flexible ways and reach those who ignored or excluded by conventional banks and mortgage funds.

large and diverse range of collective needs. These particularly include providing housing, infrastructure and income for poor communities, but their flexibility allows them to expand to meet any other needs that poor communities may prioritize, such as providing emergency loan funds and facilities to refinance informal debt. In general, CDFs work as revolving funds: the money circulates, helping people, creating assets and energizing community processes. Also, as money is lent to families, communities and networks, it gets repaid and goes back into the fund where it starts to circulate again, financing more housing and income-generating projects

In Asia, over the past three decades, community finance systems have grown both in scale and sophistication. The ACCA programme (see Box 26) has supported the creation, or strengthening, of 137 CDFs in 13 Asian countries. These have attracted significant government resources in eight countries and CDFs are now fully functional in 116 cities in Thailand. The jointly managed CDF in the city of Jhenaidah, Bangladesh, operates in close collaboration with the mayor and city council and has financed several housing and community improvement projects, while its capital remains in the fund to reinvest.

The CDF in the city of Vinh, Viet Nam, was set up in 2006, with USD 13,000. The initial capital was small, but the community network kept it in constant circulation in the form of loans. In 2009, this was enhanced by the injection of ACCA funds (USD 15,000), allowing the network to scale up its lending and to add housing, infrastructure and disaster livelihood loans. As of November 2014, Vinh's CDF has had total working capital of USD 162,500, of which USD 25,000 was contributed by the City of Vinh. The small project funds were revolved 14 times in 8 years (2009-2013) to finance 66 small, community upgrading projects (worth USD 214,049) which benefitted 3,121 households and created housing and community infrastructure assets in poor communities that are now worth 25 times the amount of capital in the fund.

The Urban Poor Development Fund (UPDF) in Cambodia was set up in March 1998 as a joint venture involving the ACHR, the Municipality of Phnom Penh, and the city's network of community savings groups. It created a revolving fund to provide soft loans to poor communities (and later to community networks) for housing and income-generation initiatives. It works through savings groups and uses its funds to pool efforts, build partnerships and finance development. It also serves as a mechanism for strengthening the capacity of the growing community movement. The UPDF has also extended its support to a growing number of provincial cities. Although the UPDF's total capital is only about USD 1.9 million, between 1998 and 2017, its collective loans and grants benefitted 643 communities and 23,694 households. The money was used for purposes as diverse as land purchases, income generation, and stimulating group enterprises, agriculture and transport businesses. It has also provided grants for welfare, infrastructure upgrading and housing the poorest members of the community.

CDFs provide a platform for collaboration, allowing poor people's organizations to work together with the LRGs and political institutions in their cities or districts, as full development partners; they also connect citizen-based systems to more formal structures in their respective cities. This enlarges the financial pool and helps to scale up the possibilities of mobilizing additional funds from outside sources. CDFs can also link scattered savings groups together into a larger whole and provide a horizontal support system and cross-checking mechanism which both strengthens the individual savings groups and protects their individual members.

In addition, CDFs can boost community-driven development processes by injecting larger amounts of external capital into small, internal, capital communities that are already building up their own community savings groups. Doing this enables them to expand, scale up, and speed up their initiatives related to livelihoods, housing, environmental improvement and welfare.

CDFs share the common goal of offering flexible finance to community organizations although the ways in which they do this may differ. In Sri Lanka, for example, the CDFs are organized and registered as a women's cooperative bank. In the Philippines, the CDF model works through the Homeless People's Federation of the Philippines.

The CDF systems in Thailand, Cambodia and Nepal work through networks of community savings groups and form part of loose national networks which link together city-based networks and cooperatives for the purposes of learning/training and providing mutual support. Many federations in Africa have developed community funds to support their collaboration with local governments bodies. For instance, the National Slum Dwellers Federation in Uganda and the government of Jinja City have set up a jointly managed Community Upgrading Fund.¹⁵⁷

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Wayne Shand, 'Local-Level Finance: Improving the Accountability and Effectiveness of Urban Development Programmes', 2017.

National urban poor community development funds

In Asia, there are also several promising examples of national funds that are currently financing community-driven housing projects and bridging the gap between formal finance and the realities of informal communities in flexible, pragmatic ways. The CODI fund in Thailand is perhaps the largest of these national funds and its capital comes entirely from the Thai government. The UPDF, in the Philippines, the CDF Fund, in Cambodia, and the CLAF-Net fund, in Sri Lanka, are all smaller, but their capital comes from a combination of donor grants and community contributions. Within this model, it is also possible for local government bodies and communities to jointly manage funds.

The Community Mortgage Programme in the Philippines has helped local communities to purchase the land that they occupy and to develop housing; it has so far reached a quarter of a million households (see Box 30).

Box 30: The Community Mortgage Programme in the Philippines

The Community Mortgage Programme (CMP), which is the Philippine government's chief housing finance programme for the poor, lends up to USD 20,000 per household to legally organized communities to purchase the land that they have been occupying from willing owners. The community association can also borrow up to 30,000 Pesos, per household, for site development and a further 120,000 for house construction. The group loan is repaid, on a monthly basis, for periods of up to 25 years, at a subsidized interest rate of 6% per annum. Since it was set up, in 1988, the CMP has loaned USD250 million to 2,190 organized communities to buy land that they were either already occupying or could find elsewhere, thereby providing secure land for 249,622 poor families. The scale of this operation is impressive, but for years there were complaints that the CMP required too much paperwork and that the process took too long (sometimes 3 - 10 years!) between the initial application for a loan and it actually being conceded. There were also complaints about

Source: Asian Coalition for Housing Rights. 'Housing Policies in the Asia Region'. Working Papers for the UCLG Housing Report. Bangkok, 2018.

there not being enough resources dedicated to site development and housing, and the system being too centralized and excessively geared to individual projects. Since 2000, an important collaborative initiative has been undertaken to re-jig the CMP so that it works better, faster, and in ways that are more locally controlled, more citywide and less driven by individual projects. Part of this reform process has involved allowing city or district (*barangay*) to take out bulk CMP loans in order to finance packages of housing projects which they can develop locally, in partnership with community organizations and NGOs within their constituencies. They can then manage the projects and the finance mechanisms locally. This new "Citywide Development Programme" (CDA) is now being piloted in several cities and barangays. The Homeless People's Federation of the Philippines and FDUP are currently helping to develop the pilot citywide and barangay-wide upgrading initiatives, which include providing support for exchanges, meetings, expanding savings programmes, surveying, and carrying out citywide mapping.

As noted earlier, most aid agencies and development banks show little interest in addressing the housing needs of low-income groups. This also manifests itself in a lack of support for projects that aim to improve and extend piped-water supplies, sewers, paved roads and drainage to their homes and neighbourhoods. If local governments had more influence over official development projects, this might change. Latin America provides a different picture. Most Latin American countries receive little or no aid from bilateral aid agencies. The Inter-American Development Bank also presents a special case in that it has supported housing initiatives for quite some time (going back to the 1960s!) and has supported many housing initiatives.

The SDI manages the Urban Poor Fund International (UPFI), which draws support from international donors; it, in turn, then supports many different community-driven programmes. This is also the case with the Asian Coalition for Community Action.



Governance for Effective Housing Policies

Although the previous sections have given many examples of successful housing policies and initiatives, we need to remember how large, difficult and complex the task of developing decent, accessible and secure housing for all the urban poor in all urban centres is. Achieving the SDG goal of ensuring access for all to adequate, safe and affordable housing and basic services and upgrading all the slums by 2030 will require strategies capable of addressing several key structural elements of housing production: governance, policy, land/land-use, planning, building standards, infrastructure and finance. The previous sections have shown that a good housing policy cannot produce housing at scale without access to adequate finance and without a planning mechanism that is sensitive to local realities and the needs and possibilities of low-income groups. Likewise, a good housing finance system cannot address problems at scale without being backed up by a good planning system that can increase the supply, and reduce the cost, of land for housing and also supportive policies, bylaws and governance structures. Both new-build developments and upgrading projects need new investment in infrastructure networks to provide water, sanitation, drainage, electricity, and all-weather roads. These are areas where, at present, there are enormous deficits in many countries, yet LRGs oftentimes lack the capacity to address such problems in low and most middle-income countries. This naturally takes us back to the question of how different tasks, responsibilities and resources should be shared between different levels of government in order to best meet the SDG goals relating to housing. The key issues raised in the section on decentralization include:

- Who should control the budgets and define their use and allocation;
- Who should define the mandates, set the policies and raise public finance;
- Who should set the rules and regulations; and
- Who should provide and/or manage the provision of infrastructure and services.

It is therefore relevant to ask whether national –and in federal countries provincial/state levels of government– are providing sufficient support to local governments to help develop and implement effective housing interventions (of which many examples have been given), or whether national government tend to reserve for themselves the leading roles and budgets while constraining what LRGs can do, even as they pass on more housing-related responsibilities to them.

From government to governance

One important concern relating to the role of government bodies in housing policy and provision tends to be related to the resources that they have access to, the effectiveness of these political and administrative institutions, and what they actually produce. This includes the work of politicians and civil servants at all levels of government, down to ward or district level. Key issues include efficiency, technical competence, having a strong fiscal base and the implementation of relevant local housing regulations.

A concern for governance has a wide scope as it also includes the role and influence of civil society and the private sector and their interactions with government. As a result, greater accountability, transparency and scope for civic and

community participation are also key factors. A concern for governance also includes a concern for the laws and regulations that influence who has power and access to public resources. Focusing on governance with respect to housing therefore implies focusing on the political and institutional framework within which local solutions can be developed and multiplied.

The term civil society covers a very large and diverse set of organizations that include many with a concern for housing. They include many community-based and non-governmental (formal and informal) organizations/associations that work on housing issues and which, in many countries, are among the largest producers and/or upgraders of housing. The previous sections have provided many examples of the work of civic organizations in the field of housing, including examples of effective 'local governance' through partnerships between civic organizations and local government. They also include references to social movements formed around demands for housing. International NGOs are also usually included as civic organizations but tend to do little work directly related to urban housing issues, although they do a lot relating to the provision of water and sanitation.

From Housing Producer to Enabler/Facilitator

There is a long history of government providing public housing in many high-income and some middle-income countries and, in some cases, on a very large scale. Perhaps the most dramatic contemporary example of this is in the city of Vienna (described in Box 23), for both the scale of the programme and the wide range of households choosing to live in public housing there. Another good example is Singapore, although much of the public housing there has been bought by its occupiers. Several European countries have 15-30% of their total housing stock as social housing; these include the Netherlands, Austria and Denmark.¹⁵⁸

In conventional public housing programmes, the government assumes the role of planner, implementer, construction manager and financier, leaving communities with little or no room for participation. This also implies that communities have almost no role other than of being the passive beneficiaries of someone else's housing solutions. This also means that they have little or no say in such critical issues as location and affordability. However, in the rapidly growing cities of the Global South, public housing programmes cannot keep up with demand. As mentioned above, there are constraints on key structural elements of housing production: governance, policy, access to land, planning, building standards, infrastructure and finance. The scale of current needs has become too large for conventional solutions to cope, while the resources required to provide sufficient formal housing have never been great enough. As noted in Section 3 in Part 1, many ambitious public housing programmes set up in low and middle-income countries have either failed to build much housing or built units that were too expensive for low-income groups. At the same time, the formal private sector has seen no profit in constructing what have come to be termed "affordable housing units" unless it has been contracted to do so and paid by government or required to provide some in return for permission to build other properties. Section 3 also mentioned some recent examples of very large-scale, publicly-funded, social housing that learned nothing from earlier experiences. These were poorly constructed and maintained, located in peripheral areas lacking employment opportunities and services and had unaffordable rents or loan repayments.

Focusing on governance with respect to housing therefore implies focusing on the political and institutional framework within which local solutions can be developed and multiplied.

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Wayne Shand, 'Local-Level Finance: Improving the Accountability and Effectiveness of Urban Development Programmes', 2017.

During the 1980s, discussions about the role of governments in housing began to give more attention to the ‘enabling’ approach to housing and to helping low-income groups to find, or develop, their own solutions; this change of attitude was, at least in part, catalysed by the 1987 UN International Year of Shelter for the Homeless. This initiative saw governments seeking to reduce the structural constraints mentioned above and to increase the supply, and reduce the cost, of land destined for housing, infrastructure connections and finance. This has also been referred to as “the facilitating approach”. Numerous examples of this methodology have been given in earlier sections, including upgrading and the provision of serviced plots. This was an attempt to complement and support the (mostly) informal ways in which housing for low-income groups tended to be built, improved and extended. Signs of the enabling or facilitating approach can also be seen in central government support for LRGs to develop and implement housing policies.

The need for such a change of approach stemmed from the failure of both the public and private sectors to address the real scale of housing needs. In almost all sub-Saharan African countries and Asian states, and in many Latin American countries, only a small fraction of the existing housing stock occupied by the poor had been built by government agencies, and an even smaller fraction by the private sector. In Indian cities, for example, 40% of the 163 million urban housing units had been constructed by slum-dwellers to house themselves, making them the largest producers of affordable housing in these cities. We also noted earlier how many cities currently have from 30% to 60% of their populations living in informal settlements.

The politics of good governance for housing

Housing and land for housing policies are intensely political issues in urban areas. For low-income groups living in informal settlements, numerous political factors can facilitate or constrain access to safe, affordable shelter, infrastructure and services. These include the politics of getting ‘formal’ infrastructure and services in informal settlements, which often implies having to overcome government hostility to ‘illegal’ settlements. Then there are the politics of informal settlement dwellers avoiding eviction or securing support for resettlement if they are evicted.

Obtaining well-located land for affordable housing is almost always difficult, as is finding land use managers willing to support this, especially given the power of (both formal and informal) real estate interests. There are a number of challenging housing issues facing LRGs in high-income countries too. The most effective, and scalable, solutions to housing problems are those that address the structural issues noted above and which do so in ways that open up space for the urban poor and their LRGs to work together as partners to solve their housing problems at scale. In this way, housing can be one of the most powerful means of improving political relationships and making cities and governance systems fairer, more equitable and more participatory.

There are also crucial political links between decentralization, democracy and the effectiveness of local government (which include tapping local resources, capacities and priorities). In most countries, this requires some degree of political, financial and administrative decentralization as well as the decentralization of urban planning and management.

The most effective, and scalable, solutions to housing problems are those that address the structural issues noted above and which do so in ways that open up space for the urban poor and their LRGs to work together as partners to solve their housing problems at scale.

Greater decentralization of power also tends to foster more participatory governance because the scale of the action undertaken is closer to the local population than when national government departments are involved. In this way, there is a greater capacity to consult, listen to, and interact with the local population and to learn what community organizations can contribute. This also makes for greater transparency.

National/local governance issues

Decentralization has been an important factor and one that has underpinned much of the success and innovation in the housing policies of Latin America. There, LRGs have taken the lead, usually doing so through an array of policies that include upgrading informal settlements, promoting new housing developments, and providing incremental house construction and financial support to low-income households to develop their own housing. However, only the larger and wealthier municipalities tend to have the resources needed to run their own, active, large-scale housing programmes. When considering the extent of decentralization necessary for government housing interventions, it is also necessary to consider the decentralization of responsibilities, the decentralization of powers (including the rights to raise revenue), the decentralization of budgets, and the fact that there needs to be greater scope for local government bodies to engage in the development of national policies.

In China's ambitious housing and housing finance programmes, city authorities have played key roles in implementing affordable housing policies that are in line with central government guidelines. There, local government bodies also manage stocks of land and set housing regulations. The government target for 2020 is for 35% of the urban population to enjoy subsidized home ownership or have rental housing; this represents an increase of 7% with respect to 2010. However, and as discussed earlier, the price of affordable housing has risen in the largest and more successful cities.

The previously described work of the CODI shows how it is possible to integrate the actions of national government, community organizations (who receive CODI support), local government bodies and utility suppliers (in order to provide infrastructure and foster service provision in CODI-supported upgrading or new building projects).

Key roles for LRGs

Much of what needs to be done to address current housing needs requires the committed involvement of local government bodies. As previously noted, these are the levels of government that are closest to the local population (usually operating at the ward, district and municipal levels), which are most accountable to them, and which are able to work with them to tap local resources and to devise and implement local solutions. It is also at the city council level that innovations such as participatory budgeting, have shown local government agencies to be the most capable, committed and accountable (see Box 31). Participatory budgeting would not be directly seen as a housing initiative, but most of what residents prioritized involved addressing deficiencies in housing-related services.

Box 31: Participatory budgeting and Housing

Participatory budgeting (PB) is important for housing because it provides the means by which residents and resident associations in deprived areas of a city can set priorities for public investment in their district. It also helps to make the budgetary process for the whole city more transparent and is an innovation that has largely been developed and implemented by local governments.

It starting back in 1989, at Porto Alegre, and by 2016, there were over 3,000 LRGs in more than 40 countries that had practiced, or were practising, participatory budgeting.

In an analysis of PB in 20 cities, including 3 in Europe and North America, 4 in Africa, 1 in Asia, and 12 in Latin America (of which 5 were in Brazil), about half of the PB funding went to projects addressing housing issues related to providing basic services, such as water, sanitation, drainage, solid waste collection, roads and footpaths, electricity (where relevant), and also public transport. Almost all of the rest went to providing infrastructure and services for local economic development, neighbourhood amenities, district health facilities, new settlements, education facilities and parks.

By far the most frequently funded basic service projects involving PB were providing roads and paths, opening up alleys, and paving streets. Wastewater management and treatment and energy and public lighting tied for second place. Providing storm and rainwater drainage was the fourth most frequent usage, and transport and increased mobility was the fifth. Potable water supply was the sixth priority for funding in 9 of 18 cities. This was funded through central government in some cities, while in others there was already almost universal provision. As a result, this was often not expressed as a need at the community level. However, in three of the cities surveyed, water supply ranked first or second in the order of priorities. Solid waste collection and management-related projects were funded through PB in 5 of the 18 cities analysed, but only ranked first or second amongst the priorities of three of these cities.

Participatory budget-funded schemes can range from providing very immediate, simple, basic service projects, to much larger-scale and technically complex ones

Participatory budgeting can be compared to other initiatives that provide support to local housing-related demands in ways that fit specific local situations and needs, such as the work of the CODI and the Asian Coalition for Community Action, but with more stress placed on local government as the implementer rather than on grassroots organizations. PB-funded schemes can range from providing very immediate, simple, basic service projects, such as providing a communal water tap or a small bridge over a ditch, much larger-scale and technically complex ones. As previously noted, most LRGs play only minor roles in formulating housing policies, yet they often have to assume many roles and responsibilities that are relevant to housing. Looking at all the services that housing should provide (which were discussed in Part I, Section 2) would seem to imply that LRGs should have roles and responsibilities associated with many of the housing related services. The same is also true of much of what is prioritized in PB.

There seems to be a growing number of examples of cities that are governed by political parties that differ from those which are in power at the national level. This is the case in many large African cities and shows an increase in the polit-

ical strength of some large cities and their ability to begin to drive for change outside what might otherwise be a nationally determined and controlled agenda. Examples of this situation in 2018 included the cities of Cape Town (controlled by the opposition Democratic Alliance), and Johannesburg, Pretoria and Nelson Mandela Bay (controlled by opposition coalitions), in South Africa; Cotonou, in Benin; Dakar, in Senegal; Gaborone, in Botswana; Kampala, in Uganda; Lagos, in Nigeria; Lusaka, in Zambia; and Nairobi, in Kenya.¹⁵⁹ There were also numerous similar examples in Asia and Latin America. In Turkey, for instance, the ruling party at the national level lost the April 2019 local elections in the state capital (Ankara), and also in Istanbul (the country's largest city) and in several other major cities.¹⁶⁰ In Latin America, there have been many examples of mayors who have not come from conventional political parties and who have brought new perspectives to local councils. Examples of this have been seen in Bogota, Cali and Medellin, in Colombia, in São Paulo and Porto Alegre, in Brazil.¹⁶¹ Rosario, in Argentina, is also well-known for its innovative development policies, which have been driven by three successive mayors who were not from the party in power nationally.¹⁶²

Many local governments have developed strong partnerships with national federations of slum/shack dwellers (that are active in 32 different countries) and other grassroots organizations to work together in informal settlements on upgrading projects and new housing development. There are currently hundreds of cities where local government bodies are working with savings-group-led community organizations and with federations that are members of Slum/Shack Dwellers International and the Asian Coalition for Housing Rights.

These federations and community networks want to engage with local governments and to show them the resources and capacities that they can contribute. These federations have a range of different strategies that they use to engage with LRGs. These range from moves to develop mutual respect (and to persuade the local government not to bulldoze all their settlements), to ways of raising support for their work and developing partnerships or even to setting up jointly managed funds and engaging in co-production projects. For instance, we can see how the initiative to Transform the Settlements of the Urban Poor in Uganda developed over time in five secondary cities supported by national government, local government and community organizations and included the organizations representing the urban poor in their planning and decision-making processes.

Box 32 outlines the methods that federations use to initiate, or strengthen, dialogues with LRGs that may subsequently develop into partnerships: precedent-setting projects; mapping, profiling and enumerating informal settlements; house modelling; exchange visits; engagement in citywide issues; and surveying vacant land. It also explains how local governments have been involved in each of these.

Box 32: Strategies to promote collaboration between LRGs and federations and grassroots networks

The 32 national federations which are members of Slum/Shack Dwellers International (SDI) and other similar community networks use a range of methods via which they can engage with LRGs; these contacts then often develop into partnerships and jointly-managed funds.

Precedent-setting projects: The federation designs and implements precedent-setting initiatives and uses them to show the local govern-

159 Danielle Resnick, 'Urban Governance and Service Delivery in African Cities: The Role of Politics and Policies', *Development Policy Review* 32, no. 1 (2014).

160 See: The Economist, 'Revolt of the cities', published on April 4th, 2019, pages 38-39.

161 Benjamin Goldfrank, *Deepening Local Democracy in Latin America: Participation, Decentralization, and the Left* (Penn State Press, 2011).

162 Almansi, 'Regularizing Land Tenure within Upgrading Programmes in Argentina; the Cases of Promeba and Rosario Hábitat'; Hardoy and Ruete, 'Incorporating Climate Change Adaptation into Planning for a Liveable City in Rosario, Argentina'.

Source: Cabannes, Yves. 'The Impact of Participatory Budgeting on Basic Services: Municipal Practices and Evidence from the Field'. *Environment and Urbanization* 27, no. 1 (2015): 257-84.

ment body what it can do. For instance, the Indian federation of women slum and pavement dwellers in Mumbai (*Mahila Milan*) built a community toilet and then ran and managed it, showing how their new design and management system produced a much better quality (and better maintained) public toilet than the municipal authorities. When government officials saw this working, and examined the carefully detailed costings (which were cheaper than those of the municipal toilets), they decided to fund and support *Mahila Milan's* project to build and manage hundreds of community-toilets serving hundreds of thousands of households.

Another important precedent-setting initiative is the reblocking of dense, informal settlements to provide space to add all-weather roads, water pipes, sewers etc. This is difficult, expensive and usually prone to conflict if carried out by outsiders; but it has been shown to work if designed and managed by local inhabitants and supported by community leaders. A detailed community-led mapping and enumeration is an important part of this process (see below). Examples of this include the upgrading and reblocking of Huruma, in Nairobi, by the Kenyan Homeless People's Federation and the upgrading of a very dense settlement without displacing its residents at Pune (India). There, *in-situ* upgrading in Mother Teresa Nagar, managed by *Mahila Milan*, showed how upgrading was possible despite very high densities. Rehousing was minimized and those that had to move were rehoused in the same community, in four-storey buildings

There have also been many other precedent-setting projects, such as one showing how to build, maintain and fund eco-sanitation where there were no sewers, and negotiating local government's acceptance of this, in Malawi. Another, in Namibia, involved reducing housing plot costs by introducing smaller plots and incremental infrastructure. In India, a community driven policing project was set up in informal settlements that attracted the attention and the support of the police. Elsewhere, there have been schemes to cut the cost of housing which have received local government support even though they were technically not legal. Such schemes often show the benefits of modifying unrealistic zoning or building regulations. The purpose of precedent-setting investment is to demonstrate not only what is possible but also the kinds of regulatory amendments that are needed.

Exchange visits: This involves teams from local federations visiting each other and learning from each other's innovations and successes. They often invite (national and local) politicians and government staff to accompany them. Such visits provide a platform for exploring key issues within a neutral space. This helps government officials responsible for such questions as zoning and land-use management, or water and sanitation, to become more conscious of, and open to, the innovations suggested (or implemented) by federations. If they see that their peers in the other cities that they visit have accepted or even supported such schemes, they tend to become more open to them themselves.

House modelling: When a federation, or another grassroots organization, succeeds in obtaining land for housing, it must then decide how to design the housing in question. It therefore constructs a full-scale model house and invites its members to visit it and suggest changes (including the organization of internal walls and spaces for kitchens and bathrooms,

etc.). This also helps with the detailed costing of each component in the house. Politicians, civil servants and professionals are also invited to see the model. This process has helped to produce better quality, cheaper and more effective housing designs

One example of this is a model house exhibit in Uttaradit, Thailand. To help a house-design process in the Jarerm Than community, two young architects produced drawings and scale models to show different options. These initially generated little interest, but when the architects proposed building a life-size model house, the residents engaged with it, changing internal walls and discussing other possible changes. As a result, the measurements changed, ceiling heights were raised and lowered, window positions shifted, and bathroom and kitchen sizes expanded and shrank.

Mapping, profiling and quantifying informal settlements: Community-managed quantifications, surveys and maps create the information base needed for upgrading projects and for mobilization, action and negotiation with government. The different 32 national federations have made settlement profiles and maps of thousands of informal settlements in over 450 cities.¹⁶³ For many informal settlements, these were the first surveys and maps that had been made there.

Quantifications are, in effect, censuses; each household is interviewed and data are collected on them and their needs and maps are prepared to show all the houses, shops, workshops, pathways, water points and electric supply poles, etc. However, the process of enumeration goes far beyond simple data collection; this is also part of a mobilizing strategy that can be used to draw in residents who want to participate in a locally-managed programme to identify and verify their shack and plot boundaries. Managing these processes strengthens the position of existing savings groups and encourages new savings groups to form. Equally important is the fact that once the findings have been assessed, local residents then have the opportunity to establish collective priorities through a series of neighbourhood and settlement meetings. Neighbours can come together to take another look at their settlements using the quantification data to assess what action needs to be taken.

The resulting maps and data are also made available to local government. Politicians and officials often recognize the capacity of these federations to provide a fair and accurate information base which is widely accepted by residents: This is required for upgrading and housing development and also for the inclusion of informal settlements in local government maps and plans. In Epworth (Zimbabwe), the local authority used the enumeration carried out by the Zimbabwe Homeless People's Federation to draw up an *in-situ* upgrading plan for an area with high levels of informal housing.¹⁶⁴ The South African SDI Alliance has secured two government tenders in the Western Cape to profile and enumerate over one hundred informal settlements and to inform those responsible for citywide urban planning.¹⁶⁵

Engagement in citywide issues: The focus on citywide enumerations, profiles and mapping is to encourage attention to citywide issues so that the residents of all informal settlements feel engaged. This differs from the conventional practice of local government bodies engaging with only one of two informal settlements. It also raises larger, structural issues that need

163
Slum Dwellers International, 'Know Your City: Slum Dwellers Count' (Cape Town, 2018).

164
Beth Chitekwe-Biti et al., 'Developing an Informal Settlement Upgrading Protocol in Zimbabwe - the Epworth Story', *Environment and Urbanization* 24, no. 1 (2012): 131-48.

165
Hendler and Fieuw, 'Exploring Partnerships with Local Government: A People's Led Approach to Settlement Upgrading'.

to be discussed with local government relating to making land available for housing and extending the city's infrastructure. Opening dialogue with the city council often leads to gaining local government support and/or establishing partnerships. In more than 150 cities, Urban Poor Funds have been set up to provide and manage finance once these kinds of activities have grown to a significant level. All such initiatives include keeping carefully detailed records of costs.

Surveying vacant land: LRGs often say that they have no land for new housing projects. However, federations have learnt how to carry out careful surveys of vacant land and to establish who owns each vacant plot. This can help to catalyse a more productive dialogue with the authorities over the possible allocation of land to federation-led housing initiatives.

The late Jockin Arputham, the first president of Slum/Shack Dwellers International (SDI) and founder of the National Slum Dwellers Federation in India, explained how community-driven data can be used in negotiations with LRGs: "So when we talk to government staff, we have the data to show where the problems are most serious. Which wards and which slums have the worst provision for toilets? For water? Which slums have no electricity? The percent of people who have to defecate in the open. The slums with no solid waste collection. The slums with deficits in schools and health care. Do the official land use maps include the slums? Our strong and detailed data enables us to discuss with local government staff and local politicians how we can focus on what needs to be done in each slum. And how we can work together to address the resident's most pressing needs. When you talk to senior staff at the Mumbai Municipal Corporation, you go to these meetings with city-level statistics. But when you talk to ward-level staff or ward politicians, you need the statistics for that ward – for the population in their jurisdiction."¹⁶⁶

There are also many other ways through which federations productively engage with local authorities and with some national governments. There are many mayors and senior local government civil servants who recognize the importance of these Federations and support them whenever they can. For instance, in Iloilo, the mayor included representatives from the Philippines Homeless People's Federation on the city planning committee and its finance committee.

In India, the NGO sector is large but their representation in urban areas, and in housing in particular, is limited. There are also no mechanisms to institute participation of communities and NGO intermediaries in government projects for the urban poor. However, some NGOs have developed strong partnerships with the local government and participated in slum mapping, sanitation and upgrading/resettlement processes. These organizations have created a platform known as INCLUDE through which to share their experience and work to build the capacities of Indian cities to address housing problems.

The scale and scope of what community organizations can do increases considerably when they are supported by local authorities. However, this works in the other direction too. It is a big advantage for any local government when there is a local university or technical college with the competence to provide them with technical support, but partnerships require partners that want to work together. This goes beyond contracting community organizations to undertake certain tasks. Instead, local government bodies must recognize and support these organ-

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See Jockin Arputham 'Ward diaries: crucial evidence for planning in Mumbai's slums', November 28th, 2016, available at: bit.ly/2W6QMVn.

The scale and scope of what community organizations can do increases considerably when they are supported by local authorities.

izations and their efforts to influence what is prioritized and how this is to be done. Most examples of such partnerships depend on grassroots organizations and their respective networks or federations, demonstrating their capacity and willingness to work together with local government bodies; ideally, senior civil servants or politicians should then respond positively.

Catalytic institutions

There are many examples of local institutions that catalyse change in housing provision. The community-local government partnerships mentioned above are usually supported by local civic organization. However, in Thailand it is a national government agency that has supported this type of initiative: The Community Organizations Development Institute (CODI). The CODI's *Baan Mankon* (secure tenure) programme, which has been described earlier, provides financial and technical support for community organizations working in informal settlements and helps them to negotiate tenure for the land they occupy and to develop a community-driven upgrading programme. It has so far transformed housing conditions for over 100,000 households and worked in 368 cities/city districts. Each of these projects has provided a platform for the community networks in these cities to work with their LRGs to map the slums, identify vacant land, and negotiate housing projects (whether *in-situ* or involving relocation).

The Local Funds and other intermediary institutions, described earlier, can also act as catalytic institutions. Examples of this include the *Akiba Mashinani Trust*, in Kenya, which supports the savings schemes and housing programmes of the Kenyan federation of slum dwellers (*Muungano wa Wanavijiji*), and the Indian Alliance, whose work has shown local government officials the value of working in partnership.

One interesting example of a civic institution serving as a catalyst for promoting better policies for a whole city is the Urban Resource Centre, in Karachi (see Box 33). There are also similar urban resource centres in other cities in Pakistan.

Box 33: The Urban Resource Centre in Karachi

The Urban Resource Centre (URC) was founded in 1989 to create an open forum for issues affecting housing and the poor in Karachi, Pakistan. It collects information about the city's economy, social statistics, planning issues and development programmes. It also analyses government programmes and projects, including how they affect the city, different interest groups, and the urban poor. It organizes public forums to establish processes of negotiation between government agencies, planners, interest groups and community members and also prepares alternative plans. All the information gathered is made available to community leaders, the media, and civil society. The URC supports active community involvement in all facets of Karachi's development, working to bring it closer to day-to-day realities. It also invites government officials to make presentations of their plans to community leaders and the media and documents the discussions that take place. Working in this way, the URC has become a key player in most of the city's major urban issues: housing, tenure security, sewerage, water supply, solid waste management, pollution, transport, and the conservation of historic sites. The URC's activities, and especially its public forums, have helped gal-

vanize a growing network of community and professional groups and helped them to design and promote solutions to the city's problems that are sensitive, affordable, sustainable, participatory, and appropriate to the city's fiscal and social realities.

The URC criticized the fact that the planning process only included politicians and planners. In this form of planning, there is no input from people at all, and they usually suffer as a result. It has stressed that what is required is for politicians, planners, and people to work together. The purpose of the URC is to create a space for such interaction. Since normal citizens tend to be weaker, they need professional support, managerial guidance, and to be offered alternatives, so that they can then negotiate with politicians and planners.

City Development Funds are also key catalysts for change. Earlier sections have described the growing number of city development funds that are jointly managed by community organizations/federations and local governments. The CODI has also worked with the Asian Coalition for Housing Rights to set up City Development Funds in 60 cities in Thailand and to support community-level initiatives and strengthen partnerships with LRGs. Another good example is the Urban Poor Development Fund in Cambodia, which was the only source of finance for the poor (for income generation, upgrading infrastructure and providing housing), whose operations have now been decentralized to 24 city-based CDFs.

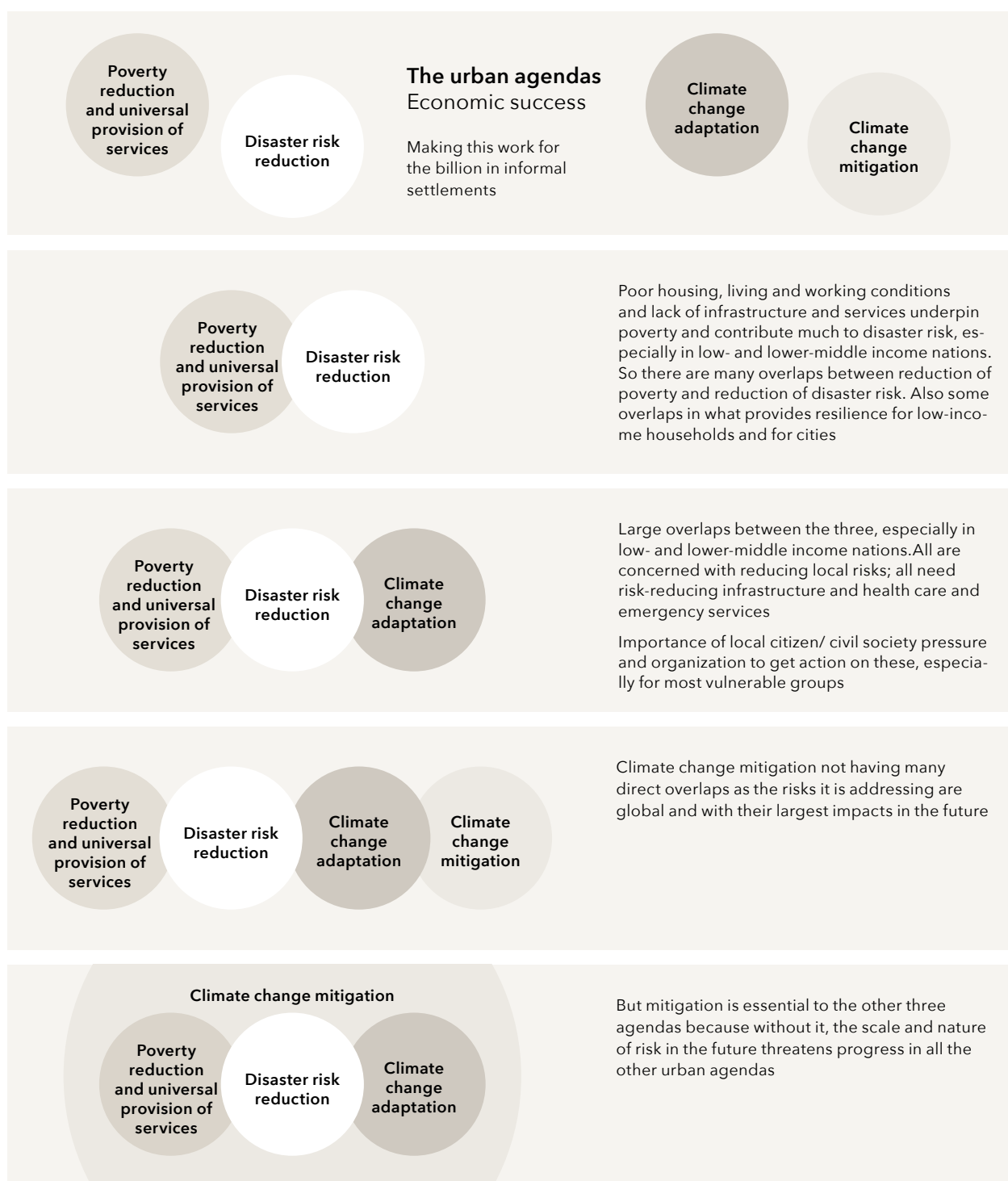
167
David Satterthwaite et al.,
'Responding to Climate
Change in Cities and in
Their Informal Settlements
and Economies', Paper Pre-
pared for the IPCC for the
International Scientific Con-
ference on Cities and Cli-
mate Change in Edmonton,
March 2018, 2018.

Governance to reduce risks in housing and urban development ¹⁶⁷

In contexts as complex as the ones we have described above, LRGs must also take action against climate change. **At least in the case of climate change adaptation, including making cities more resilient, there are many positive overlaps with elements of conventional development and moves to reduce the risk of disasters.** Figure 4 shows how different city agendas need to integrate and support each other.



Figure 4: The four local government agendas and how they overlap



For most urban dwellers, good quality housing is the first line of defence against the impact of climate change. Most of the protection it provides is not, however, a response to climate change but rather to meeting appropriate building regulations. In high-income countries, most households have insurance cover for their homes and possessions. Much of the infrastructure, services and institutions needed for resilience to the impact of climate change exist, although adjustments may be needed to ensure that housing and what surrounds it can withstand more intense and extreme weather events and potential shortages of water and other resources. Table 7 gives details of the likely impact of climate change on urban populations living in informal settlements and working in the informal economy.

Table 7: The probable impact of climate change on urban populations living in informal settlements and working in the informal economy

Projected changes	Examples of the likely impact	Implications for the residents of informal settlements and people working in the informal economy
Higher (and increasing) maximum temperatures, more hot days and heat waves - affecting almost all land areas	Rise in mortality and illness due to heat stress at many urban locations	Many informal settlements are very densely populated with very little open/public space and often with uninsulated corrugated iron roofs and poor ventilation that contribute to higher indoor temperatures. The largest impact will be on particularly vulnerable groups, such as infants and young children, the elderly, expectant mothers, those with certain chronic diseases. Health risks for outdoor workers
Higher (and increasing) minimum temperatures: fewer cold days, frosty days and cold waves affecting almost all land areas	Decrease in cold-related human morbidity and mortality. Extended range and activity of some disease vectors - including mosquito and tick-borne diseases	Most informal settlements lack public health measures to control or remove disease vectors and lack health-care systems that can provide the required responses. Infants and young children are particularly vulnerable
More intense precipitation events and riverine floods	Increase in flood, landslide, avalanche and mud-slide damage resulting in injury and loss of life, loss of property and damage to infrastructure. Increased flood run-off often results in the contamination of water supplies and outbreaks of water-borne diseases	Many informal settlements are concentrated on the sites most at risk of flooding with poor quality housing less able to withstand flooding and a lack of risk-reducing infrastructure. Homes, possessions and assets for generating income are not covered by insurance.
Windstorms with higher wind speeds	Structural damage to buildings, power and telephone lines, communication masts and other urban infrastructure	Corrugated iron roofing blown off during high winds; it is not normally nailed down so that it could be sold if necessary; the value would be reduced if there were nail holes ¹⁶⁸
Increased summer drying over mid-latitude continental interiors and an associated risk of drought	Decrease in water resources in both quantity and quality; increased risk of forest/bush fires; reduced crop yields and higher food prices	Residents of informal settlements usually face more water constraints and are more vulnerable to increases in food and water prices
Increase in tropical cyclones, peak wind intensities and mean and peak precipitation intensities	Increased risk to human life and damage to property and infrastructure; risk of infectious disease epidemics; increased coastal erosion and damage to coastal ecosystems	Many informal settlements are on the sites most at risk, have poor-quality housing and lack risk-reducing infrastructure
More intense droughts and floods associated with El Niño in many different regions	Reduced agricultural and range-land productivity in drought-prone and flood-prone regions	Impact on food availability and prices in urban areas
Increased variability in Asian summer monsoon precipitation	Increase in the magnitude of floods, droughts and damage in temperate and tropical Asia	In many Asian cities, those most at risk of flooding tend to be low-income groups living in informal settlements
Water availability	Reduced water availability in many areas, with an obvious impact on agriculture and on cities, where the availability of freshwater will decline significantly	In cities facing constraints on, or shortages of, freshwater supplies, it is likely that low-income groups will be most affected (and the least able to afford alternative sources). Difficulty in accessing water for livelihood-related activities.
Rise in sea-level	Coastal erosion, land loss, more floods from storm surges; hundreds of millions of urban dwellers live in low-elevation coastal zones	Many informal settlements are close to the sea and have poor quality housing and lack drainage infrastructure
Higher average temperature	More disease vectors, worsening air quality, higher demand for water and greater water loss	Those living in informal settlements often lack the infrastructure and health care measures needed to counteract these problems

A relevant question concerns what can be done to protect housing and its residents from extreme weather in a city where the LRG has little technical, and no investment, capacity and much of the population live in informal settlements that lack almost all of what the IPCC terms “risk reducing infrastructure and services”. Many cities are failing to deliver even the most basic infrastructure and services to their urban residents; it is therefore unclear how they are going to find ways to ensure that these are compatible with low-carbon and climate-resilient urban development. They will be inhibited by the same constraints that have hindered more conventional forms of development: weak government and governance structures, scarce resources (including little capacity for investment and limited or non-existent external finance), constrained local powers, limited delivery capacities, vested interests, political disinterest in the urban poor, and the presence of multiple competing priorities drawing attention away from risk reduction in informal settlements.

In much of the Global South, it is difficult to imagine how the much-needed changes in development (including housing) and climate-change policies will take place without more committed, competent and resource-endowed urban governments that can work well with the residents of informal settlements. Improving the climatic resilience of homes, neighbourhoods and cities requires local governments to be more flexible and may also require a willingness to move beyond simply copying conventional ‘formal’ responses from high-income countries. This will also require a willingness to innovate and a commitment to find solutions working in close collaboration with the residents of informal settlements.

There is also a powerful force that unites the four agendas presented in Figure 5: all of them seek to reduce the threat to life, health and assets. Three of these agendas focus on reducing threats to life, health and assets at the local scale, though they do so from different perspectives. However, the very fact that their focus is on local sources of risk, which affect local populations, means that they should be included in local political discussions. Naturally, there are also locally-specific trade-offs between different risks, the different groups exposed to them, and different time scales, and these should preferably be discussed and resolved within local jurisdictions. There are also many city-region issues that need to be addressed and these too need discussion and resolution by the regional population.

All four of the agendas in Figure 5 include as a priority giving attention to vulnerable populations and taking measures to reduce or remove the risks facing them; there are also many overlaps between the four agendas. For instance, addressing the needs of those living in poor quality housing with no sanitation in areas which are at risk of flooding would meet development needs and, at the same time, reduce the risk of disaster and increase resilience to the impact of climate change. This could also be achieved in ways that would reduce greenhouse gas emissions. On the other hand, it is more difficult to assess and rank priorities. In some cities, the needs and demands of those most at risk are already well-served by elected mayors and other local politicians and/or civil servants who have supported this four-fold agenda. Addressing the most pressing local risks has now been integrated into measures that should help to reduce both local (adaptation and reducing the risk of disaster) and global (mitigation) risks in the future.

If we only look at some of the more innovative cities, all of this makes sense and appears to be do-able. However, the daily reality of governance in most cities and smaller urban centres makes this seem unrealistic. Although it is easy to say that all local government sectors and departments need to act on climate change, it is much more difficult to say how to do this and with what resources.

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Source: Asian Coalition for Housing Rights. ‘Housing Policies in the Asia Region’. Working Papers for the UCLG Housing Report. Bangkok, 2018.

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Christine Wamsler, ‘Bridging the Gaps: Stakeholder-Based Strategies for Risk Reduction and Financing for the Urban Poor’, *Environment and Urbanization* 19, no. 1 (2007): 115–42.

The Addis Ababa Action Agenda agreed in 2015 stresses that finance is key to sustainable development and poverty eradication. However, it does not address how financial systems have to change to meet the Sustainable Development Goals at local levels.

At least part of this problem can be solved through LRG-community organization partnerships, but to work at the scale required usually calls for resources to be provided by national governments and international agencies.

Localizing global agendas

The crucial role of urban governments and urban civil society in adapting informal settlements (and local development) to climate change need particular attention and support. There are important issues that are beyond the scope of this Report that need highlighting. One is the very low priority given by most international development assistance agencies and financing to urban issues – including informal settlement upgrading and basic services. Another is the weak connection between global United Nations agreements and agendas (such as the New Urban Agenda, the Sustainable Development Goals and the Paris Agreement) and what is needed to build resilience in urban areas that engages low income groups. Urban governments can be drawn into these UN agendas but always in a subsidiary role. The global agendas focus so heavily on national government commitments – and so little on empowering the two most important actors local governments and civil society.

Within the various UN-led global agendas, the Addis Ababa Action Agenda agreed in 2015 stresses that finance is key to sustainable development and poverty eradication, and acknowledges that reform of financial systems is necessary for the achievement of global and local development aspirations. However, it does not address how financial systems have to change to meet the Sustainable Development Goals at local levels. Nor does the New Urban Agenda. In part this is because few agencies have the understanding and commitment to change finance systems in ways that secure social justice, equity and poverty reduction on the ground. Additionally, global conversations around urban finance remain narrowly focused on the scale of the financing gap.

National government representatives represent their countries within UN processes and institutions. They form the governing bodies of UN institutions – including the multilateral development banks and UN-Habitat. The SDG and the New Urban Agenda say much about what should be done but not on by whom, and with what funding. National government representatives also form the Inter-Governmental Panel on Climate Change (IPCC) whom are very critical to any draft IPCC text judged to be policy prescriptive. Globally, there is not clear mechanisms to facilitate local governments access to funding and support to implement these agendas.

Section 2 in Part 1 discusses the relevance of so many SDGs for housing and other urban challenges. Although the SDGs are relevant, they too are unaccompanied by a clear acknowledgement of the roles of local urban governments. Although the SDGs pay more attention to local government and to urban issues than most previous discussions (including the MDGs), this attention remains insufficient. There are so many housing related goals within the SDGs that require effective, accountable and well-financed local institutions but there is no mention of these.

This underplaying of the needed role of local government can be seen in the Agenda 2030 declaration, Paragraph 45. This states that “Governments and public institutions will also work closely on implementation with regional and local authorities, sub-regional institutions, international institutions, academia, philan-

thropic organizations, volunteer groups and others.” By implication, regional and local authorities are not included in “governments and public institutions” – they are relegated to being one among many other ‘stakeholders.’ This has to change.

We are faced with the fact that it will fall to urban governments (municipal, city and metropolitan), to plan and manage much of the infrastructure needed for safe, good quality housing as well as adaptation to climate change and much of the mitigation. This also needs integration with disaster risk reduction and poverty reduction. It needs the regulations, incentives, management and monitoring of coverage and quality, that supports relevant investments and the appropriate behaviour change among households, communities and enterprises.

If the planning and land use management framework is right, new residential areas and new investments can align better with adaptation and mitigation. It can help keep down the costs of land for housing, provide legal alternatives to informal settlements for low-income households, avoid low-density urban sprawl with its high infrastructure costs and dependence on private automobile use, expand and enhance public spaces, protect and enhance critical ecosystem services. But the fact that there are so many cities where none of this is taking place points to the scale of change that is needed.

How do we ensure that the global goals and targets in the SDGs and the New Urban Agenda (NUA) are translated into national government frameworks that support local action? How can global discussions be encouraged to pay attention to local and regional governments? Discussions of “good governance” focus on the national level, when it is local governance failures that account for so much of the housing deficit.

Thus, there is increasing recognition in global agendas of the importance of LRGs. This is also recognized by international agencies - see how the African Union recently formally recognised LRGs as key role players. In addition, the rise in prominence of African-focused organized local and regional government representative bodies and national associations of local governments indicates an emerging common continental purpose, especially among cities (e.g. United Cities and Local Governments Africa). Bodies representing the interest of LRGs globally and regionally provide common platforms to expand their influence regionally and internationally.

Then there is an urgent need that most official aid agencies, development banks and international NGOs to support the localization of the global agendas and develop funding mechanisms that could support processes of locally driven change, enhance local capacity to plan and act in hundreds or thousands of locations.¹⁶⁹ One final constraint on getting action on the four agendas is the current drive by many LRGs to prioritize only one dimension – economic growth above all – without taking in consideration the integrated approach needed to respond to all these agendas. City plans need to be connected with their citizens to reshape and co-create their urban future.

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Debra Roberts et al., ‘Durban, South Africa’, in *Cities on a Finite Planet: Towards Transformative Responses to Climate Change* (London: Routledge, 2016).

Addressing global goals through local action

It is difficult to know how we can make progress given the vast and highly diverse range of cities and smaller urban centres contemplated in the four agendas, the different needs, priorities and capacities of them and their populations. Perhaps more importantly, there is also the question of how LRGs can acquire the capacity to address these issues. This requires the capacity to get all the different sec-

Processes and solutions should be rooted in local democracy, good local governance and the rule of law.

tors represented in local government to learn and act together and to engage with their citizens and civil society and with all the other stakeholders, and to make and discuss different proposals. Processes and solutions should be rooted in local democracy, good local governance and the rule of law. Recognizing and supporting the potential for change at each location and for meeting the four agendas should address the problem of scale. Scale is achieved by the multiplication of local initiatives (whether small or large), rather than by pursuing ever-larger, individual, top-down initiatives.

In practice, it is usually difficult to get all the stakeholders to work together; it is also difficult to get different sectors of local government to work together. Every local government reflects its own complex local contexts and histories, in which certain vested interests often have too much power and too little accountability. It is easy (and correct) to say that each LRG needs to: manage changes in land use; ensure sufficient supplies of land for housing and for public space; protect the ecosystem; provide services; and manage urban expansion in ways that contribute to all four agendas, but it is often unclear how this can be achieved in the face of powerful real estate interests. We need strong, local, representative, democracies in which each inhabitant has an elected politician to whom they can turn if and when needed. Participatory budgeting cannot be undertaken nationally; it is all about carrying out local discussions with a range of local stakeholders, relating to the generation and use of local resources.

We might then ask how relevant local data can be generated. At present, most of the data gathered on housing and living conditions are obtained via national sample surveys. However, these are of little or no use to LRGs as their sample sizes are normally too small to provide workable statistics for each locality. Censuses should be able to provide this information, but - at best - they are conducted once every ten years and census authorities often fail to provide these data to LRGs in a form that is useful and which allows them to address their needs (it does not, for example, tend to explain where poor quality housing is concentrated, which streets and wards have water piped to homes, which toilets are connected to sewers, and where there are all-weather roads).

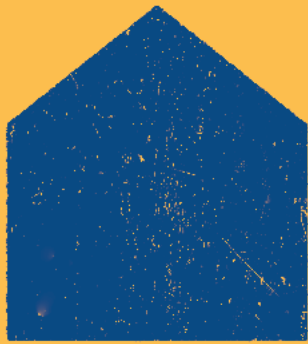
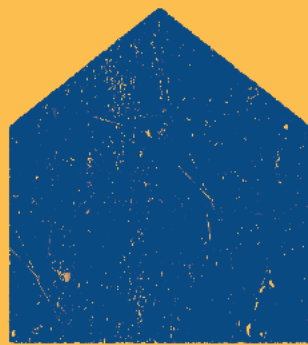
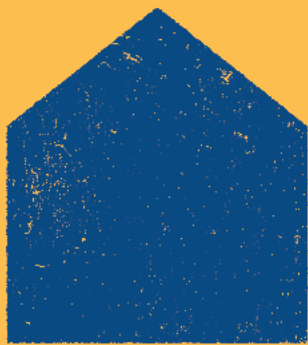
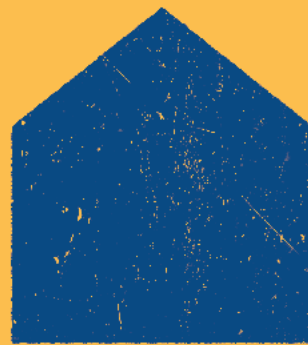
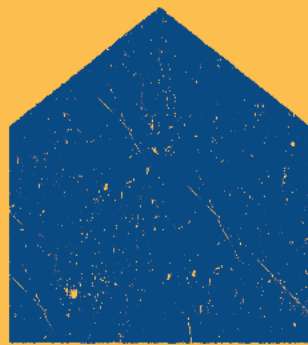
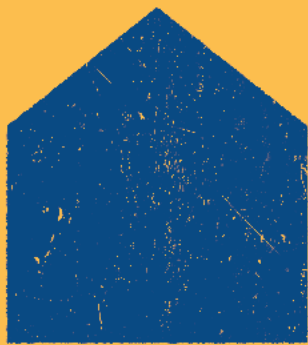
Where local democracy works well, democratic processes can fill some gaps in the required data. Instead of collecting data about (say) who has an inadequate provision of water, sanitation, drainage, and/or health care, LRGs could find out about these needs through democratic processes. This would be particularly powerful when and where local government bodies work with grassroots organizations and federations formed by residents of informal settlements. This could then be greatly enhanced by participatory budgeting, in which objectives needing funds could be defined, prioritized and acted on by representatives elected in each district of a given city, with all the details of local government revenue and expenditure being made public.

The current response to the lack of data relating to many of the SDGs has been heavy investment in more data gathering by national government and international agencies. This, however, fails to address the data needs of local government and civic organizations. What we need is for far more attention to be given to how the needs and priorities of those facing deprivation are recorded and how such data are used at each location, to ensure greater accountability. We also have a wealth of experience to draw on: surveys, maps and enumerations of informal settlements completed by their residents with support from federations of slum or shack dwellers in over 7,000 settlements in 450 cities (see Box 26). Although these mainly focus on housing and other development needs,

they also provide valuable information on the risks facing each informal settlement and its vulnerabilities. Every initiative to improve data collection or mine existing datasets needs to ask whether this will benefit those with hitherto unsatisfied needs and whether it will increase their influence and capacity to act and to hold government and international agencies to account.

3

Conclusions: Local Actions and Institutions Addressing Local and Global Housing Agendas



Cities, be they small, intermediary or large, located in economically developed territories or not, are experiencing the consequences of the unsustainable development models that have steered growth until now. These development models have generated severe urban inequalities and produced a disheartening global landscape, in which over 100 million people are homeless and almost 1 billion people live in informal settlements and slums lacking electricity, running water, or basic sanitation.

This report makes the point that housing has become an increasingly central issue for local governments across the different continents. As the report highlights, local housing problems are increasingly less so, as they seem to also respond to global trends embedded in urbanization processes worldwide, underpinned by the financialization of housing markets and feeding into spirals of social inequalities and exclusion.

1

Housing policies must be more effective to respond in an integrated way to housing needs

The scale and complexity of the housing challenges faced by cities and territories are unprecedented. The global housing crisis currently affects a very large part of the world population of lower, middle and even upper-middle income households, beyond the historically marginalized lowest-income populations. **Local and regional governments are increasingly adopting an integrated approach to housing challenges**, seeking to put forward effective housing policies that incorporate the understanding of housing crises as responding to both local and global processes.

Underpinning housing crises lies the tension between the understanding of housing as a right versus as a commodity. Over the last decades, the perception of housing increasingly shifted from “*a place to live, in relationship with a community*” to “*a place to park and grow capital*”. In the last decade, and particularly in recent years, the intensity of the tension between the right to access housing and to trade it for its exchange value has been exacerbated, and as such, the financialization of housing has become a major concern for local and regional government worldwide. The financialization of housing entails its disconnection from local housing markets and the realities of local populations’ housing needs, affecting the price of land for housing and its availability both in and around the city; rental prices and conditions; the availability and terms for obtaining housing finance; and the price and availability of public/social housing, among other market determinants. The housing market dynamics fuelled by the financialization of housing are triggering, among other expressions of violence, unprecedented housing insecurity, the eviction of local communities from their neighbourhoods and homelessness crises in many cities and territories around the world.

Furthermore, the situation becomes even more pressing when accounting for the pace at which urbanization, climate change and demographic change are happening in the territories that already concentrate daunting housing challenges, as for instance Sub-Saharan Africa and South and South-eastern Asia. As formal housing markets fail to accommodate the needs of the populations at the lower end of the income spectrum, and as these populations continue to increase fuelled by conflict and climate change-induced migrations and the search for a better quality of life and access to work in urban settings, informality gains ground as populations’ only option to access housing. Consequently, as

this Report reflects, there is a strong and growing public commitment to act now and build partnerships with all the sectors to promote more resilient, low-carbon cities and prepare for the aforementioned mega-trends. In addition, aligned with the Sustainable Development Goals to be achieved by 2030, there are renewed efforts and methodologies to ‘slum’ upgrading, the specific and well-known first target of the *Urban SDG*. **This Report stresses the importance of underlining how much achieving this one target can help meet many of the other SDGs, placing the focus on how much ‘slum’ residents and their organizations can contribute to this process, in turn enhancing LRGs’ accountability and transparency.**

Reflecting the understanding that the global crises currently faced by territories across the world are specific to local realities while they also respond to global processes, the constituency of local and regional governments adopted the UCLG Bogota Commitment. The Commitment is enshrined in the New Urban Agenda, adopted by Habitat III in October 2016, and contains the core principles that put the Right to the City and the Right to Housing at the heart of urban territorial governance, namely security of tenure, availability of services, affordability, accessibility, location and cultural adequacy (further details on the Summary of the key principles of a rights-based housing strategy can be found in Box 6, Part 1).

Beyond the acknowledgement of the frameworks, there is a commitment of LRGs to push for transformative action and triggering a policy shift in the business as usual. The formal acknowledgement of the “Right to adequate housing” does not tend to translate into actual housing for lower income communities. The commitments acknowledged in various UN Declarations and human rights charters need to be followed by effective strategies to regularize and upgrade existing housing or to facilitate a process of developing adequate housing for all.

2

Making local and regional governments’ role visible to re-shape housing policies within National Urban Policies

Housing accounts for 70% of urban land and determines many core elements of well-being, life opportunities and decent living conditions. Thereby, the challenges that communities face and the environmental footprint of the housing stock have immediate consequences on the strategic vision and the work of LRGs around the world. **In fact, housing is part of LRGs’ core responsibilities in many countries.** From a global perspective, in 2016, the average subnational governments’ expenditure on housing and community amenities accounted for 0.6% of their respective national GDPs and almost 10% of total subnational expenditure according to the data collected in 67 countries by the World Observatory on Subnational Government Finance and Investment.

Moreover, as this Report emphasizes, LRGs play a critical, yet oftentimes understated, role in the provision of adequate housing when housing is understood to encompass not just housing structures, but housing-related infrastructure (such as piped water, sanitation, drainage, weather-appropriate roads and electricity), housing location (including access to labour markets) and services that all residential neighbourhoods need such as health care, emergency services, public transport and other urban amenities that contribute to enhancing populations’ prosperity.

Urban planning should be considered as one of the main tools for local governments to build mixed, compact and polycentric cities. Based on the practical experiences of cities in Africa, Asia Pacific, Latin America and Europe, the report shows that in all cities, **there is a need to integrate housing policies within the framework of urban planning and urban policies in order to avoid sectoral and disconnected approaches and the limitations of the 'project-based' approach.** Adopting an urban and territorial approach to reshaping housing policies is critical to prevent socio-spatial segregation processes and reinforce a territory's ability to generate inclusive and sustainable growth. In sum, housing policies are core elements of urban policies and as such, their adequate management conveys remarkable potential for steering sustainable development. It is necessary to consider not only the connections between all the housing subsystems (formal and informal, owner-occupier and tenant...) but also the embeddedness of the particular housing subsystems within the citywide, metropolitan-wide and region-wide land and housing systems:

- the characteristics of the existing housing stock (age, structural features, distribution by quality, sub-market and tenure) that determine the possible strategies;
- the characteristics of the low-income households targeted for assistance (income, preferences, special needs, specific vulnerabilities arising from structural discrimination);
- the spatial patterns of the private and social rental stock into which the recipients may move; and
- the geographical distributions and characteristics of existing precarious neighbourhoods.

Nevertheless, the Report stresses the importance of acknowledging the considerable differences in contexts and how they condition LRGs' capacity to govern the development strategies of their jurisdictions. **Adequate housing strategies require LRGs to have sufficient autonomy, for which a multilevel collaborative framework that enables local action is needed.** As the report highlights, in many territories, local authorities face numerous hurdles when using conventional urban management and planning tools, as they might actually lack control on different critical dimensions of policy-making, such as land ownership regulations and their enforcement.

Moreover, adequate multilevel governance frameworks are also necessary to harness LRGs' potentialities to promote alternative housing approaches to fully market-based ones, developing alternative policies (as for instance, acknowledging the importance of rental markets for social inclusion, including community-led housing schemes, etc.) and strengthening local democracy, in particular, through fostering the participation of marginalized communities and the most vulnerable population groups. **All these policies are necessary and interconnected, and conducting them simultaneously makes it possible to achieve significant advancements in the realization of the right to adequate housing for all.** Yet, as shown by the Report, for LRGs to be able to put in place such policies and strategies, the governance framework within which they operate must be based on the principle of subsidiarity and provide them with local autonomy, for which the established local taxation and regulatory arrangements should be revisited.

There is a strong and growing literature on national governments and LRGs working closely together on housing strategies and interventions, and sharing responsibilities relating to the definition, implementation and follow-up of housing policies and programmes. There is also more information on how these strategies should better engage the organized civil society and community-based organisations in order to co-create housing solutions with the communities. On the other hand, there is considerable literature on where this is not working, highlighting how some housing policies choices can generate more exclusion. This report builds on the push of LRGs to transform commitment into policy practice.

3

There are local practices and bold political commitments to get inspired from

This Report has emphasized how an appropriate housing responses from LRGs are built on a better understanding of the diverse needs and priorities of different groups that demand and offer adequate housing solutions. **Renewed policies and strategies engage with populations that are increasingly at risk of socioeconomic exclusion and recognize the diversity of needs, preferences and barriers to the fulfilment of their right to housing.** As such, LRGs play a determinant role in identifying and responding to discriminatory practices in accessing housing, land on which to build or to credit, and which affect populations such as, but not limited to, students, low-ranking public employees, single-parent households, families with children, day labourers, street vendors, domestic workers, low-income older people (with no/low/falling pensions), seasonal or circular migrants, and/or temporary residents with low incomes. In order to support these populations in accessing adequate housing, new anti-discrimination laws and regulations, together with a gender focus to housing strategies, are being introduced at the local level.

Moreover, it is important to rethink the challenges ahead. The report highlights the thought-provocative example of migrants and refugees or internally displaced persons (IDP). Contrary to preconceptions, many are not hosted in camps but living and working in cities. Many LRGs are increasingly acknowledging the necessity to engage these communities with their urban development programmes (as described in Section 1, Part 1). **The Report provides an analysis of the potential roles and practices that LRGs may undertake to support inclusive and fairer housing strategies,** such as incorporating LRGs and sectoral experts into strategic planning and operations for these communities; working to build solidarity with other communities and groups, such as the urban poor, health providers, trade unions, tradespeople, and to push for more inclusive reforms and to improve service delivery; engaging with intergovernmental structures, such as local government finance systems, to create funding mechanisms that encourage, or permit, improved local government performance; developing humanitarian funding initiatives that can support inclusive, developmental local government action. For instance, by supporting LRG's efforts toward universal service delivery that fosters the inclusion of migrants and refugees, international donors and Development Finance Institutions will not only improve direct protection but can also provide long-term political incentives and actual means to foster a rights-based approach to migration.

One conclusion from this Report is that **we have indeed much to learn from the many local housing-related innovations implemented by LRGs worldwide.** These examples include direct contributions from cities of the UCLG Community of practices on Adequate housing (including examples from Barcelona, Taipei, the Barcelona Provincial Council or Buenos Aires, among others), as well as other examples identified in the regional reports: the Community Organizations Development Institute's support for grassroots organizations and local governments (Box 13); the local housing board in Iloilo, the Philippines (Box 18); the affordable housing innovations in New York (Box 21); social housing at scale, the case of Vienna (Box 22) and the citywide surveys and mapping and local government engagement in Valenzuela, the Philippines and Nuwara Eliyam, Sri Lanka (Box 26); and also the many examples of community and city development funds supported by local governments.

One of the core questions raised in the Report is designing and putting in place strategies to mobilize the necessary means for implementing housing policies and strategies. The examples in the Report and the regional analyses show that modest public investment in supporting upgrading and affordable new housing units can trigger many other investments, including people's own investments, and generate employment in and around the new or upgraded communities. The innovation resides in acknowledging the transformative power of local economy, especially when it comes to social and solidarity economy. These actors can participate in the regulation of the real estate market, support housing-related instruments that contribute to alleviating social vulnerability and mobilize ethical and solidarity savings.

In addressing the question of **how to finance such strategies while aiming for affordability**, one of the Report's findings is that **housing policies need to draw on resources from many different quarters**, including individuals/households and community organizations (including their savings and capacity to contribute to upgrading), the non-profit and the cooperative sector, the private sector (to provide building materials, small loans and rental housing), and also ward and municipal-level government and higher levels of government. This should include the co-production of public-private-community-led housing, with support from civil society organizations, to foster the participation, self-management and empowerment of residents, and to encourage good practices such as participatory design or the social production of habitat.

Along these lines, the Report also provides a detailed exploration of the cooperation experiences between LRGs and local institutions to address local housing deficits. The examples covered in the Report included working with trusted interfaces for those who lack decent accommodation. These institutions should have the capacity to mobilize and support the collective resources and capacities of lower-middle and low income groups and their households, working directly with local governments or with roles and tasks established and agreed with LRGs. The underlying logic is that households or federations provide the local institution an initial capital base, supported by a public commitment from the city or region to keep down costs and to encourage repayment from households wherever possible. It should also set standards to avoid concentrations of low-income groups in the worst quality housing and locations. Examples also include supporting different modalities of collective land tenure, as in the community-led upgrading schemes in Thailand, or in the case of community

land trusts or community land banks and cooperative housing.

With regards to the specific target of upgrading self-built and informal settlements, the Report shows how participatory and integrated strategies bring about many local economic benefits. The result is the effective transformation of previously deprived housing stock and neighbourhood infrastructure into decent and well-serviced parts of the urban fabric, generating enormous economic and social growth - both for residents and the city around them. This opportunity to renew the social contract and the culture of governance also conveys greater policy legitimacy and leads to the empowerment of communities. In this sense, the Report places great emphasis on the importance of supporting local processes. National, regional and local governments need to recognize the processes that currently deliver formal and informal housing, seeking to make them more effective, better integrated within urban and territorial strategies and more affordable. This is illustrated for instance by the example of housing policies in Pakistan, which can be relevant to many countries and cities, and which include providing credit to support individual and collective land purchases and house improvements. These policies also cover technical advice on how to use these loans effectively and also how to deal with densification.

In fact, the report demonstrates that the lack of serviced land, the administrative cost of getting approval to build, and inappropriate building and/or land use regulations that drive up housing costs and constrain its supply. Sector-centred housing policies and programmes that finance individual entitlements and are implemented by central government entities should therefore **shift towards urban or territorial policies that seek to finance integrated programmes designed to improve the *living conditions* of the entire urban population and which are formulated with and jointly implemented by local governments and organized civil society.** In line with the Right to the City perspective, these approach can also result into reduced socio-spatial inequalities within city neighbourhoods as well as metropolitan areas.

Subsequently, there is a need to reform regulations which are often ill-adapted to local realities and indeed difficult the provision, retrofitting or upgrading of housing. In this regard, the Report provides examples of potential lines of action for LRGs, which include developing ways to liberate land for housing provision, such as land currently destined to informal development through the provision of appropriately-located road infrastructure, and the enactment of legislation through which public authorities may acquire vacant land for developing affordable housing. LRGs may also stimulate housing supply by helping cover infrastructure costs, including public transport; changing inappropriate land uses and building regulations; optimizing administrative procedures to obtain building permissions; providing incentives for developments that include affordable provisions and exploring how to leverage the necessary financial resources, such as by raising local revenue through land value capture mechanisms. These are different options whose suitability should be explored in accordance with local contexts and aiming for more collaboration between the different sectors and levels of government.

4

Way forward to embolden local and regional government to re-shape housing policies

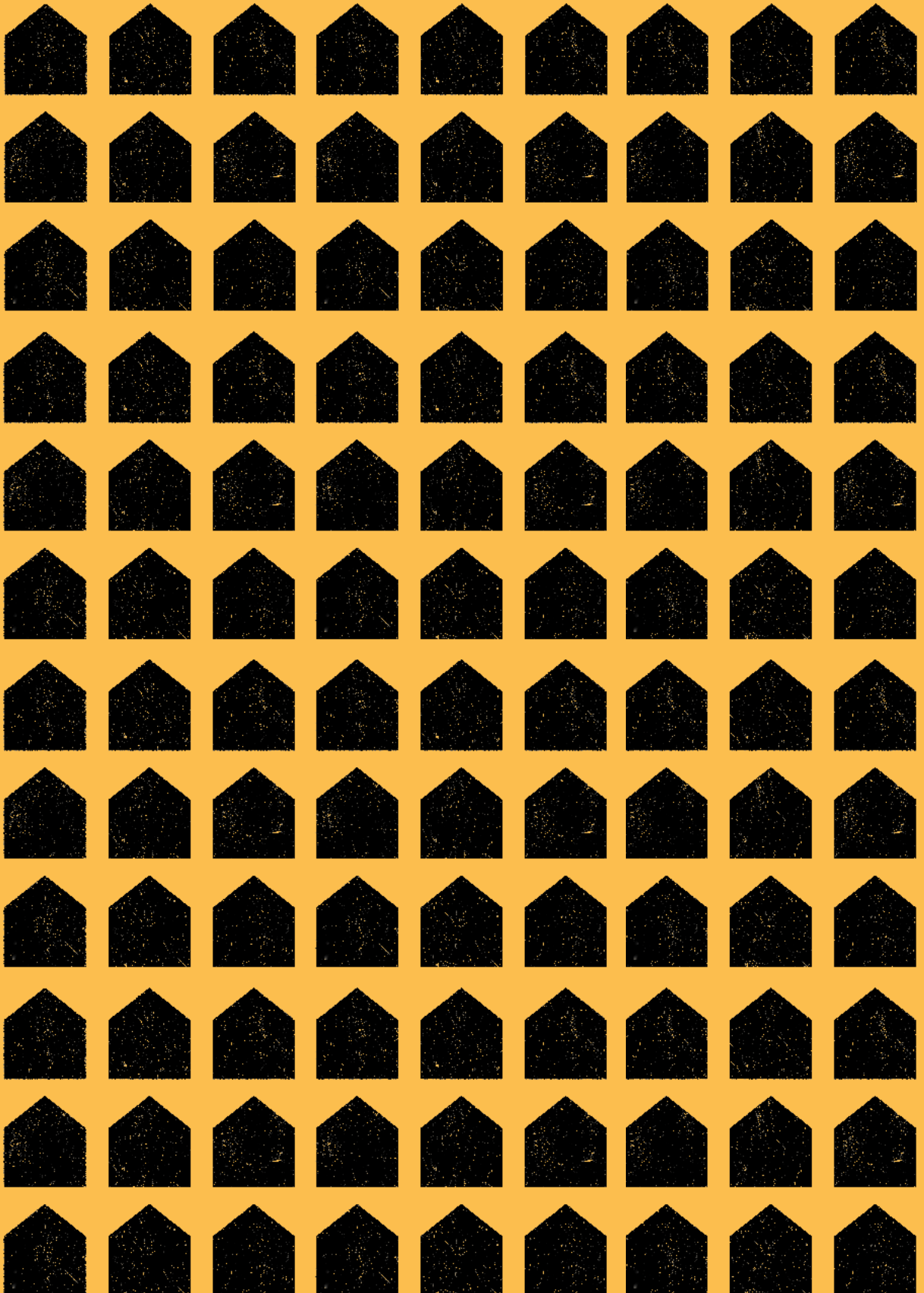
As this Report has highlighted, transformational change can happen at the local level, and there are alternative to get inspired and re-shape housing policies within the New urban Agenda to improve the quality of life of all. LRGs, together with partners, are exploring ways to lead successful projects and make significant improvements.

“If it is just physical upgrading you are doing then the project can be finished in a few days. You don’t need to do much work, you can just send a contractor to do it. But the people won’t be changed. Their capacities won’t be changed. Their relationships won’t be changed, they will still be a poor, vulnerable, marginalized and unorganized group of people who happen to live together in the same slightly improved informal settlement.”

As noted above, the declaration on Cities for Adequate Housing also called for more resources and powers to be granted to LRGs from both national and international supra-municipal bodies to facilitate the application of the principle of subsidiarity to housing and urban policies. There is also a need for improved cooperation and solidarity within LRG networks in order to defend adequate housing as a key component for each dweller’s enjoyment of just, inclusive and sustainable cities.



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Rethinking housing policies:

Harnessing local innovation to address the global housing crisis

Faced with challenges old and new, cities of all sizes and across the world are struggling with ensuring their citizens' right to housing.

This Report provides an overview of the state of housing worldwide and explore how housing financialization, the pressures of demographics and climate change, as well as long-standing conflict are influencing housing conditions and policies at the local level. The Report is developed in the framework of the Municipalist Declaration of Cities for Adequate Housing and 'The Shift' initiative – led by several pioneering cities and the United Nations Special Rapporteur on Housing – which consider adequate housing as a necessary precondition for the fulfilment of many other fundamental rights. Accordingly, it examines local housing policy innovations across the world, and the role that local and regional governments, local stakeholders and civil society can play in leading, enabling and promoting such initiatives. As socio-spatial segregation and pressures over available housing and land increase, the Report's main goal is to shed light on the potential of local action, and how it can help provide adequate housing. Can local innovations contribute to meeting the diverse needs and priorities of local populations and, in particular, of the most vulnerable groups? What institutional framework, policy capacities and partnerships can allow local and regional governments to take full advantage of the potential of local housing action?