Providing Affordable and Adequate Housing Options for the Poor

Housing Policy Matters!

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Programme des Nations Unies pour les établissements humains - Programa de las Naciones Unidas para los Asentamientos Humanos
Session 2

The Concept and Meaning of Housing and its institutional and policy environments.
The Structure of the Housing Sector.
The Governance of the Housing Sector
Building a common understanding

What are the attributes of housing?
What Makes Housing Different from Other Commodities?

- Decide on Type and Size
- Decide on Location
- Decide on how much to invest
- Decide on the services

Heterogeneous
Inmovable
Durable
Expensive
Moving Costs

Dwellings differ in:
- Size, location, age, floor plan, interior features, utilities.
- Dwellings cannot be moved from one location to another
- If properly maintained, dwellings can be used for many decades
- Typical household must borrow a large sum of money
- Monetary costs of moving are high plus costs of leaving neighbourhood: schools, stores, services, friends.

Dwelling Characteristics
Housing Bundle
Site Characteristics

Implications for Housing Markets

Links Housing - Urbanisation

Housing Typology > Urban Form and Density, Laws
Housing Finance > Monetary and Financial Sector
Housing Construction > Jobs, Skills, Technology,
Housing Markets > Economy, Investments

Up to 80% of land cover in cities.
Average of 55%

Green Housing > Carbon Zero Environmental Sustainability
Housing Ownership > Property Rights Legislation
Housing Infrastructure > User’s charges, Fees, Tariffs
Housing Location > Land, Registry, Tax, Wealth

Up to 25% of capital formation and GDP production

Up to 80% of land cover in cities.
Average of 55%
According to Nabeel Hamdi

Land
+ Credit
+ Ownership
+ Services
+ Access to Resources
+ Minimal Acceptable Standards
= HOUSE

But, how much does a house equal?

**Process and Product:** Qualitative results & opportunities

+ Wellbeing
+ Dignity
+ Status
+ Self-respect
+ Security
+ Entitlements
+ Skills
+ Employment
+ Enterprise
+ Privacy
Affordable Housing:
Different Notions and Wide Differences in Terminology

- Housing estates built (and managed) by government utilising generous state subsidy
- Housing for sale and rent
- Rented privately or from the state

Provision of housing opportunities to modest income earners

Economically affordable shelter (with quality)

STANDARD
- Subsidised
- Minimum standards
- Financial incentives
- Low rent housing

COST
Affordable Housing of Decent Quality and Adequate Standard:

1. Financially accessible for low-income households & individuals
2. Quality and Standard in what society considers acceptable
3. Remains within reach of low-income households & individuals
4. Not differentiated by any means
5. Government support to ensure availability for all segments
6. Subsidized if needed to reach house price-to-income ratio
7. Government support

Policy Implications
What is the Right to Adequate Housing?

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

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

- Habitability
- Affordability
- Accessibility
- Location
- Cultural Adequacy
- Security of Tenure
- Infrastructure
The Right to Adequate Housing

The right to live somewhere in peace, safety and dignity, with access to basic infrastructure, in a location that allows adequate access to jobs and opportunities and urban services, all at an affordable price.

Security of Tenure
Provision of services, materials, infrastructure
Affordability
Habitability

Accesibility
Location
Cultural Adequacy
Housing Rights
international evidences and jurisprudence
For UN-HABITAT, it is imperative:

1. Governments should promote the full and progressive realisation of the right to adequate housing as defined in the Habitat Agenda and international instruments;

2. Adequate housing for all and cities free of slums can only be achieved if housing reforms are carried out and housing policies manage to bring solutions to scale, delivering a wide range of affordable housing opportunities in size, standard, typology, price and location.

3. Governments should address critical bottlenecks hindering the housing sector to perform its role in economic development & poverty reduction with well-informed and evidence-based housing policies.

4. Governments should establish mechanisms and apply instruments to monitor housing sector performance and housing policy outcomes.
According to Solly Angel
(Housing Policy Matters, Oxford University Press, NY, 2000)

The housing sector has an interface with every single dimension of the economy of a country.
Housing Finance is interface between housing and finance sectors..

For UN-Habitat, housing is a human right & should be understood as a sector touching every single aspect of the economy of a country.
As Public Policy is concerned, what is the meaning of HOUSING?

1. Housing does not mean houses;
2. Housing means more than shelter;
3. Housing is more than bricks and mortars;
4. Housing entails a combination of inputs and outputs such as land, building materials, technology, labour, basic infrastructure, finance, planning, etc. that result in the realization of different types of housing e.g. houses, apartments, etc.
5. Housing is an economic sector that produces wealth, employment, prosperity and wellbeing;
What is the meaning and concept of Housing?

Institutional Frameworks

Legal & Regulatory Frameworks

Building Materials

Planning Strategies

Urban Policies

Labour

Finance

Infrastructure

Land

Planning Instruments

What is the ultimate goal?

Affordable & Adequate Housing

Institutional Frameworks
Building Materials

Legal & Regulatory Frameworks

The Housing Diamond of Perfect Equilibrium

The Housing Diamond of Perfect Equilibrium of Inputs

Scarcity of one Component brings Disequilibrium

Housing Policy Interventions are needed

Source: Acioly, C. 1994; 2003; UN-HABITAT, 2011
Scarcity of Land & Building Materials

Scarcity of Housing Finance

Building Materials

Labour

Infrastructure

Land

Finance

9.

Understanding the Housing Sector:

Understanding the governance and institutional structure of the Housing Sector is a condition to capture its policy and institutional environments.
The role of Governments

Laws, Norms, Legislation

Institutions & Actors

Urban Planning and Management

Procedures, Permits, Administration
LAND
Infrastructure & Municipal Services
PUBLIC WORKS & SERVICES
LABOUR
Building Materials & Construction Industry
Finance
THE SEVEN COMPONENTS OF A HOUSING DELIVERY SYSTEM

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| • Land subdivision permit  
• Residency/Occupancy permit  
• Building permit  
• Planning/Zoning permission  
• Concession  
• etc... | • PUBLIC PRIVATE  
• Freehold  
• Leasehold  
• Waqf  
• Cooperative  
• Customary  
• Land Trust  
• etc... | • Roads  
• Water supply  
• Sewerage  
• Electricity  
• Drainage  
• Gas  
• Garbage collection  
• etc... | • Schools  
• Clinics  
• Mosque/church  
• Police  
• Post office  
• Playgrounds  
• Open spaces  
• Civic center  
• Cultural center  
• etc... | Intellectual (architect engineer)  
Manual (builders) | • Wood  
• Concrete  
• Cement  
• Sand  
• Steel  
• Corrugated iron  
• Adobe  
• PreFab  
• etc... | • DEBT  
• EQUITY  
• Land acquisition loan  
• Construction loan  
• Enterprise loan  
• Mortgage loan  
• Public subsidy  
• etc... |

Source: IHS, Lindfield, Dauskardt, Steekelenburg
GOVERNMENT

- Urban Plans
- Norms & Standards
- Land Use Regulations
- General regs (Health....)

- Land Law
  - Common Law
  - Islamic Law (Shari’a)
  - Socialist Law etc...

- Norms
  - Patterns
  - Detailed Engineering Studies

- Standards
  - Patterns

- Ministry of planning, env.
  - Local govt.
  - Boads, comms etc...

- Chief
  - Land agency
  - Land dept
  - Land manager
  - Private owner
  - Municipality etc...

- Govt.
  - Municipality
  - Land developer
  - Franchise
  - Industry etc...

- Municipality
  - Technical Ministry
  - Neighborhood
  - Social developer
  - etc...

- Mason
  - Builder
  - Engineer
  - Architect
  - Planner

- Dealer
  - Wholesale importer
  - Cooperative etc...

- Mutual fund
  - Coop saving
  - Private lender
  - Housing bank
  - Comm. bank etc...

- Import license
  - Commercial network
  - Transport capacity

- Government

- Individual savings
- Institutional & public savings
- External savings

- HOUSEHOLDS

- Culture
- Technology
- Management

- AUTHORITY
- LAND
- INFRA-STRUCTURE & MUNICIPAL SERVICES
- PUBLIC FACILITIES & COMM. SERVICES
- LABOUR FORCE
- BUILDING MATERIALS
- FINANCING

Source: IHS, Lindfield, Dauskardt, Steekelenburg
INSTITUTIONAL FRAMEWORK

INSTITUTIONAL ENVIRONMENT (POLICY)

GOVERNMENT

- Urban Plans
- Norms & Standards
- Land Use Regulations
- General regs (Health...)
- Land Law
- Common Law
- Islamic Law (Shari’a)
- Socialist Law etc...
- Norms
- Patterns
- Detailed Engineering Studies
- Standards
- Patterns

CULTURE

Technology

- Chief
- Land agency
- Land dept
- Land manager
- Private owner
- Municipality
- Land developer
- Franchise
- etc...
- Govt
- Municipal
- Land developer
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- Dealer
- Wholesale importer
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- etc...
- Mutual fund
- Coop saving
- Private lender
- Housing bank
- Comm. bank
- etc...

INSTITUTIONAL ENVIRONMENT (POLICY)

- Import license
- Commercial network
- Transport capacity
- Individual savings
- Institutional & public savings
- External savings
- Public Co.
- National budget
- Provident funds
- Insurance
- Individual savings
- National budget
- Provident funds
- Insurance
- External savings
- International Capital Mkts

INSTITUTIONAL ENVIRONMENT (POLICY)

- Ministry of planning, env.
- Local govt.
- Boads, comms etc...
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INFRA-STRUCTURE & MUNICIPAL SERVICES

PUBLIC FACILITIES & COMM. SERVICES

LABOUR FORCE

BUILDING MATERIALS

FINANCING

Source: IHS, Lindfield, Dauskardt, Steekelenburg
FUNCTIONNING OF HOUSING DELIVERY SYSTEM

AUTHORISATIONS

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LABOUR FORCE

BUILDING MATERIALS

FINANCING

DEVELOPER

- public
- private
- social housing
- housing company etc...

BUILDING ENTERPRISE

Contractor

HOUSEHOLD

Self help construction

Purchase

HP

Rental

Occupy

Construction Credit (short term)

Developer Credit (medium term)

Purchaser Credit (long term)

Source: IHS, Lindfield, Dauskardt, Steekelenburg
FUNCTIONNING OF HOUSING DELIVERY SYSTEM

INSTITUTIONAL (DELIVERY AGENCIES)

DEVELOPER
- public
- private
- social housing
- housing company etc...

BUILDING ENTERPRISE
- Contractor

HOUSEHOLD
- Self help construction

INSTITUTIONAL (DELIVERY AGENCIES)

LAND

INFRA-STRUCTURE & MUNICIPAL SERVICES

PUBLIC FACILITIES & COMM. SERVICES

LABOUR FORCE

BUILDING MATERIALS

AUTHORISATIONS

FINANCING

CONSTRUCTION CREDIT (short term)

DEVELOPER CREDIT (medium term)

PURCHASER CREDIT (long term)

RECIPIENT INSTITUTIONS (ABSORPTION AGENCIES)

Source: IHS, Lindfield, Dauskardt, Steekelenburg
The housing delivery system

Source: E. Stekeleenburg, IHS
KEY PLAYERS IN THE DUTCH HOUSING MARKET 2001

Consensus & Active Government Role

Central Government
- Ministry VROM
- Housing Directorate General
- RAVO-Council for Housing

12 Provinces
- Provincial Planning Department

504 Municipalities
- Municipal Housing Agencies
  - Physical Planning Departments

Housing Associations
- 761

Federation of Housing Associations
- AEDES

Consortium: Social Rental Sector Guarantee Fund
- WSH

Construction Actors
- Builders
- Industry
- Developers & Brokers

Cadastre Agency

Notarial Offices

Tenants-Landlords Committees

Mortgage & Financial Institutions

Central Fund

Netherlands Residential Federation
- Residents/Tenants

Owners Associations
Multiple Actors and Specific Motivations

Based on World Bank, 1993.
What are these actors’ motivations?

- Consumers
- Producers
- Financiers
- Local Governments
- Central Governments

Based on World Bank, 1993.
ACTORS & ISSUES

- Building Materials
- Standards & quality
- Construction Companies
- Financial institutions
- Local government
- Property Management Companies
- Cooperatives Associations
- Individual Owners
- CBOs
- NGOs
- Tenants Renters
At Country Level Change in Relations is Needed

- CENTRAL Government
- LOCAL Government
- NGO
- CBO
- CSO
- PRIVATE SECTOR

At Country Level Change in Relations is Needed

- CENTRAL GOVERNMENT
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- NGO
- CBO
- CSO
- PRIVATE SECTOR

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Claudio Acioly Jr. / UN-HABITAT
Different interest & different needs

New Partnerships needed.

Central Government
Provincial Government
Local Government

Greater Exchange of Experience

International agencies

CBOs
NGOs
Civil Society Organisations
Residents
Formal Private sector
Informal Private sector

Dissemination of Knowledge, Skills and Lessons Learned

New Partnerships needed.