Providing Affordable and Adequate Housing Options for the Poor

Housing Policy Matters!

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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
7.

Building a common understanding

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

- Decide on Type and Size: Heterogeneous
- Decide on Location: Inmovable
- Decide on how much to invest: Durable
- Decide on the services: Expensive

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

Housing costs
Affordability threshold
People’s income
Volume of loans, credits, savings
Capital Markets

Rentals Law
Property rights
Homeownership
Foreclosure & collaterals laws
Rights & Obligations

Basic Infrastructure provision
Neighbourhood-City Facilities
Tariffs & User fees
Cost recovery
Delivery capacity

Finance

Institutions

Tenure

Services

Policy

Size

Location

Durability

Available Space
Typology
Building Code
Planning Standards
Cultural suitability
Availability of land

Land
Accessibility
Price
Public Transport
Neighbourhood
Densities & Typology

Building Materials
Construction Technology
Quality of labour
Standards & quality control
Energy Efficiency
Maintenance
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

<table>
<thead>
<tr>
<th>Land</th>
<th>Process and Product: Qualitative results &amp; opportunities</th>
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<tbody>
<tr>
<td>+ Credit</td>
<td>+ Wellbeing</td>
</tr>
<tr>
<td>+ Owership</td>
<td>+ Dignity</td>
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<tr>
<td>+ Services</td>
<td>+ Status</td>
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<tr>
<td>+ Access to Resources</td>
<td>+ Self-respect</td>
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<tr>
<td>+ Minimal Acceptable Standards</td>
<td>+ Security</td>
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<td></td>
<td>+ Entitlements</td>
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<td>+ Skills</td>
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<td>+ Employment</td>
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<td>+ Privacy</td>
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But, how much does a house equal?
Economically affordable shelter (with quality)

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
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.
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..

8.

Building a common understanding

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
Building Materials

Planning Strategies
Urban Policies

Legal & Regulatory Frameworks

Labour
Finance

Infrastructure
Land

HOUSING

What is the ultimate goal?

Institutional Frameworks

Building Materials

Labour

Finance

Infrastructure

Land

Affordable & Adequate Housing

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

Building Materials

Labour

Finance

Infrastructure

Land

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

Scarcity of Housing Finance

Governance System

Land Supply
Urban Planning
Infrastructure Provision
Finance
Housing
Building Materials Supply
Labour

Laws, Regulations, Institutions
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 Seven Components of a Housing Delivery System

## Authorizations
- Land subdivision permit
- Residency/Occupancy permit
- Building permit
- Planning/Zoning permission
- Concession
- etc...

## Land
- PUBLIC
- PRIVATE
- Freehold
- Leasehold
- Waqf
- Cooperative
- Customary
- Land Trust
- etc...

## Infrastructure Municipal Services
- Roads
- Water supply
- Sewerage
- Electricity
- Drainage
- Gas
- Garbage collection
- etc...

## Public Facilities Community Services
- Schools
- Clinics
- Mosque/church
- Police
- Post office
- Playgrounds
- Open spaces
- Civic center
- Cultural center
- etc...

## Labor Force
- Intellectual (architect, engineer)
- Manual (builders)

## Building Materials
- Wood
- Concrete
- Cement
- Sand
- Steel
- Corrugated iron
- Adobe
- PreFab
- etc...

## Financing
- 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

- 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...

AUTHORISATIONS

LAND

INFRA-STRUCTURE & MUNICIPAL SERVICES

PUBLIC FACILITIES & COMM. SERVICES

LABOUR FORCE

BUILDING MATERIALS

FINANCING

HOUSEHOLDS

- Individual savings
- Institutional & public savings
- External savings

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

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

INSTITUTIONAL (DELIVERY AGENCIES)

AUTHORISATIONS
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- public
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- housing company etc...

BUILDING ENTERPRISE
Contractor

HOUSEHOLD
Self help construction

RECIPIENT INSTITUTIONS (ABSORPTION AGENCIES)

FINANCING

INSTITUTIONAL AGENCIES

Construction Credit (short term)
Developer Credit (medium term)
Purchaser Credit (long term)

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

Construction Actors
Builders
Industry
Developers & Brokers

WSH:Social Rental Sector Guarantee Fund

Central Fund

Consensus & Active Government Role

Netherlands Residential Federation
Residents/Tenants

Cadastre Agency

Notarial Offices

Tenants-Landlords Committees

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

- land
- finance
- legal Support
- Utilities infrastructure
- Building Materials
- Standards & quality
- Contstruction 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
Different interest & different needs

New Partnerships needed.

Greater Exchange of Experience

Dissemination of Knowledge, Skills and Lessons Learned

Central Government

Provincial Government

Local Government

International agencies

CBOs

NGOs

Civil Society Organisations

Residents

Formal Private sector

Informal Private sector