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BRINGING DOWN THE COST: REALISTIC STANDARDS FOR SHELTER

One of the major inadequacies of the housing market is its inability to provide adequate, secure housing at affordable prices for poor people.

There is no need for sophisticated analysis to prove this argument. If this were not the case, 43% of the urban population of developing countries would not be living in slums – an indicator that is estimated to be as high as 78% in the least developed countries.

Affordability rests to a large extent on policies capable of bringing down housing costs such as land, infrastructure, building materials, standards, design, location and modes of production. To be affordable, all of these elements will require a substantive element of subsidy; but in some cases they will only need intelligent policy changes.

Sweat Equity: Self-help Housing Supply of Building Materials

Assisted self-help housing is the most affordable and intelligent way of providing sustainable shelter. It is cheap because it's based on minimum standards and incorporates a substantive amount of 'sweat equity'. It's useful because individuals and communities engaged in it acquire precious skills. It's practical because it responds to people's actual need and levels of affordability.

Utilizing Land Responsibly

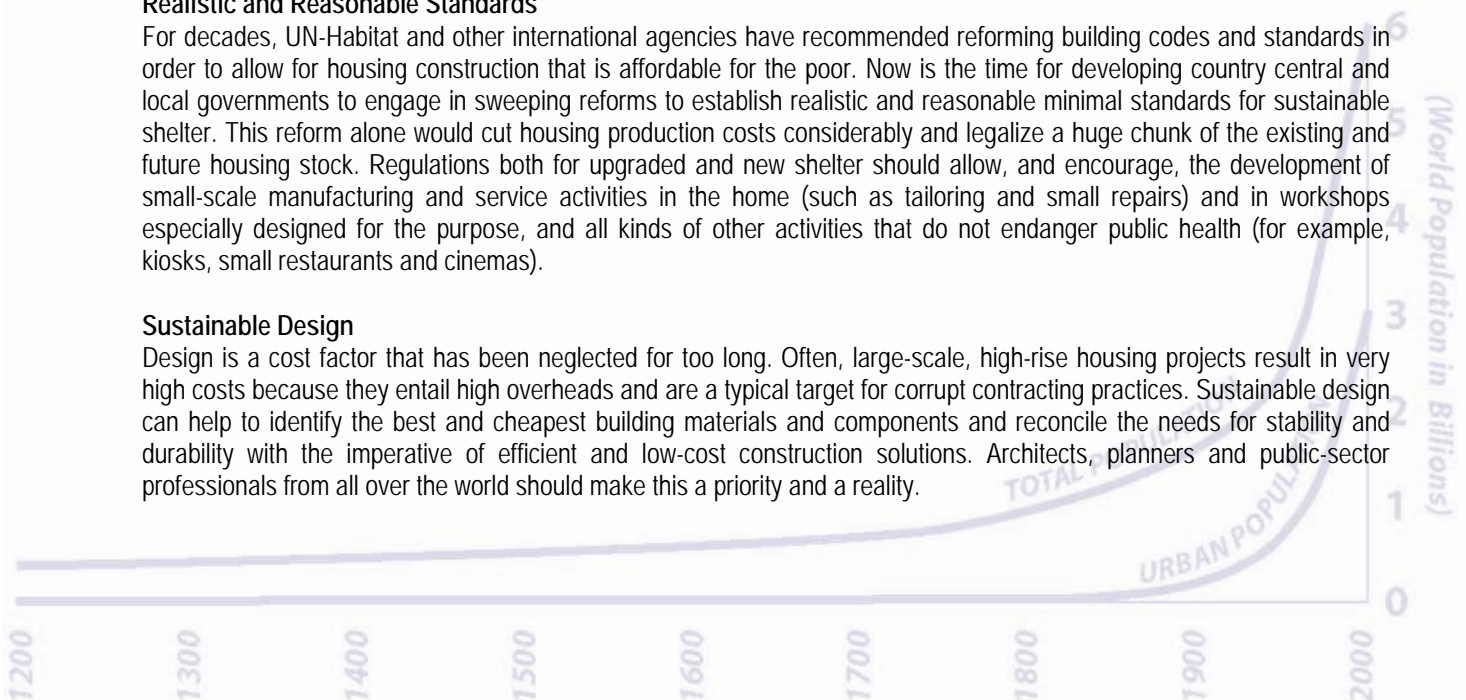
As a first priority, cities must engage in identifying public land to be developed for sustainable shelter and related income-generating activities. Keeping land idle when half of the city's population is housed in appalling conditions and new slum dwellers are on their way is irresponsible. Currently, The United Nations Human Settlements Programme (UN Habitat), in cooperation with the government of Finland, is testing an innovative approach in Kenya whereby part of that country's bilateral debt would be forgiven in exchange for the earmarking of a tract of public land of equivalent value for low-income housing.

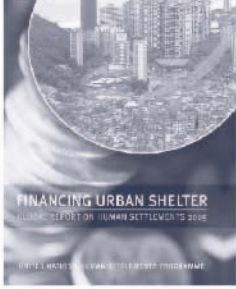
Realistic and Reasonable Standards

For decades, UN-Habitat and other international agencies have recommended reforming building codes and standards in order to allow for housing construction that is affordable for the poor. Now is the time for developing country central and local governments to engage in sweeping reforms to establish realistic and reasonable minimal standards for sustainable shelter. This reform alone would cut housing production costs considerably and legalize a huge chunk of the existing and future housing stock. Regulations both for upgraded and new shelter should allow, and encourage, the development of small-scale manufacturing and service activities in the home (such as tailoring and small repairs) and in workshops especially designed for the purpose, and all kinds of other activities that do not endanger public health (for example, kiosks, small restaurants and cinemas).

Sustainable Design

Design is a cost factor that has been neglected for too long. Often, large-scale, high-rise housing projects result in very high costs because they entail high overheads and are a typical target for corrupt contracting practices. Sustainable design can help to identify the best and cheapest building materials and components and reconcile the needs for stability and durability with the imperative of efficient and low-cost construction solutions. Architects, planners and public-sector professionals from all over the world should make this a priority and a reality.





UN-HABITAT

Financing Urban Shelter



Upgrading Locations

Although land and housing costs tend to decrease with distance from the city, it's important for sustainable low-cost shelter to be located as close as possible to the widest range and concentration of income-earning opportunities, which is found in or near the cities' central areas. It's possible to take advantage of lower land costs in parts of the city more distant from prime locations for Greenfield development of low-cost housing, but only if such development includes good income-earning opportunities and affordable and efficient transport services.

Modes of Production and Delivery

Clearly, the final cost to the user also depends on the mode of production and delivery of a housing unit. The cheapest form of housing, for example, is shelter built or assembled by individuals on a piece of land occupied without any formal title. This is the type of housing commonly found in the conventional slum. This mode of construction is the cheapest available, but also the most expensive in terms of health and security.

There are, however, other modes of housing construction that involve lower costs to the purchaser. One of them is self-help housing, which replaces built-in labour, time and resources employed in conventional housing with the labour, time and materials provided by its future occupants. 'Assisted self-help housing', which incorporates a large component of donor and domestic government technical and financial inputs is, in fact, the mode recommended by the United Nations Millennium Project's Task Force on Improving the Lives of Slum Dwellers as the best and cheapest alternative to new slum formation in developing countries.

Another successful approach is cooperative housing. This approach does not necessarily reach the poorest of the poor, but it does produce housing that is more affordable, by eliminating the profit component and the advantage of government subsidies.

Another mode of production is social housing. A recent report stresses the importance of rental housing as a far too neglected means of satisfying the shelter needs of lower income groups. Social housing is built on the premise that public funds should be employed for the provision of housing to the neediest on a subsidized rental basis.

Employing more reasonable standards of housing production to the poor, while still safeguarding the safety of the occupants, could potentially make housing more affordable to a far greater proportion of the urban population. This would allow a large portion of the very poor to improve their shelters, their health and provide empowerment.

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