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SUSTAINABLE SHELTER: MAKING ADEQUATE SHELTER AFFORDABLE

The key to sustainable urban shelter is not simply financing shelter for the poor. The key is providing adequate, affordable shelter to the poor. This approach may be called 'sustainable shelter': shelter that is environmentally, socially and economically sustainable because it satisfies the Habitat Agenda requirements of adequacy: Its acquisition, retention and maintenance are affordable, it does not overburden the community with unaffordable costs and it's located in areas that do not constitute a threat to people or the environment.

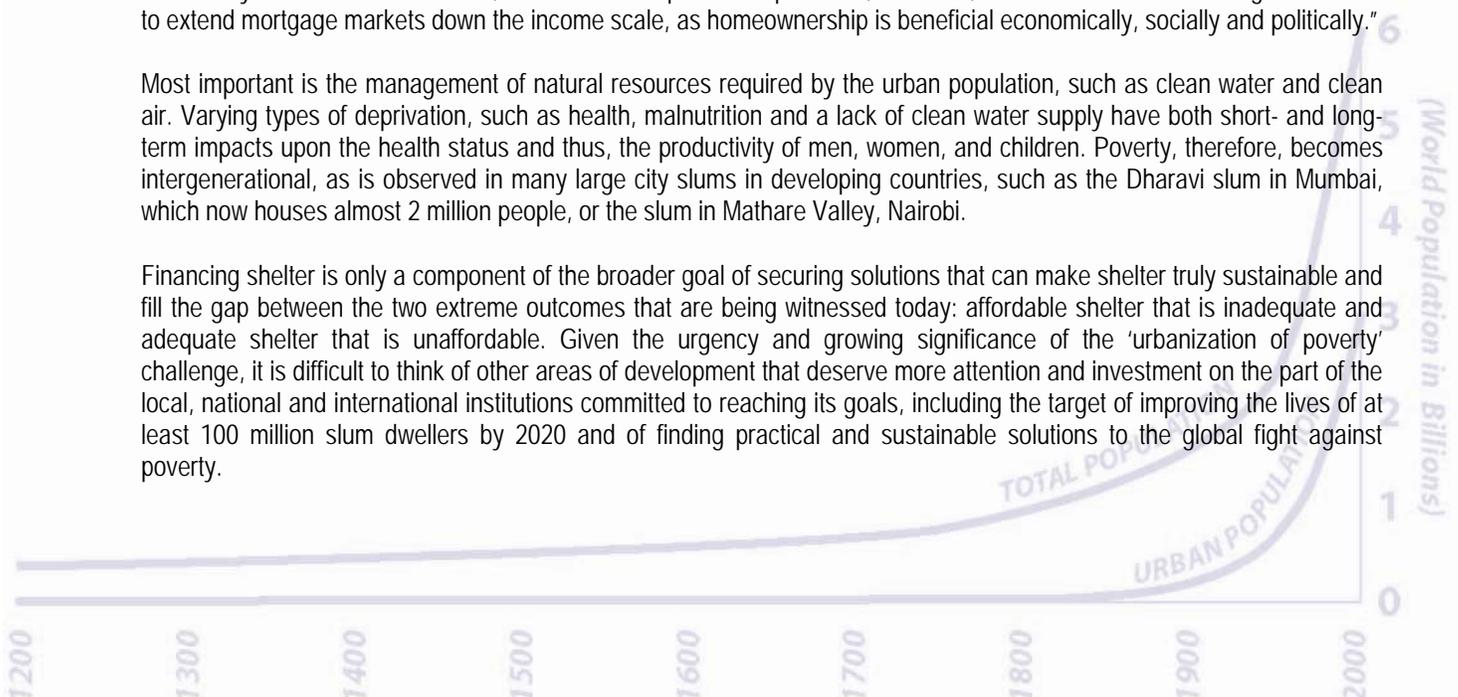
One of the larger problems facing low-income households is the difficulty in purchasing shelter due to the dramatic escalation of housing prices throughout the world. Between 1997 and 2004, according to a very recent survey, average housing prices grew by 131% in Spain, 147% in the UK, 179% in Ireland, 113% in Australia, 90% in France and 65% in the US. While average housing prices are lower in the developing countries, they are also influenced by steeply rising costs of land, building materials and other cost components. Affordability rests to a large extent on policies capable of bringing down housing production costs such as capital, 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.

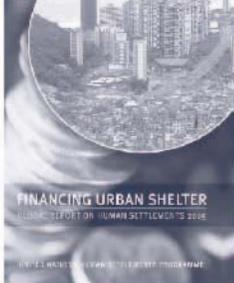
An equally important issue in many developing countries is not that housing is too expensive, but that incomes are too low. This is why making shelter affordable to the poor also depends upon increasing the poor's income. Increasing both wages and income opportunities for the working poor augments the saving potential of the same earning group. The urban poor show a marked propensity and ability to pool part of their incomes into community funds and other forms of saving arrangements. This triggers virtuous circles: the more capital is saved, the more is available for improving shelter conditions, productivity, skills formation and income-earning activities.

While many developing countries now have access to market-rate housing finance, only the middle- and upper-income households have access to such finance while the poor are largely excluded. A few countries have adopted measures to bridge the economic gap such as reducing the cost of lending and providing direct capital grants to reduce the size of the households' mortgage in comparison with the dwelling cost. Others are now experimenting with microfinance and community funds. These countries, which have adopted such practices, note that, "it's in the best interest of governments to extend mortgage markets down the income scale, as homeownership is beneficial economically, socially and politically."

Most important is the management of natural resources required by the urban population, such as clean water and clean air. Varying types of deprivation, such as health, malnutrition and a lack of clean water supply have both short- and long-term impacts upon the health status and thus, the productivity of men, women, and children. Poverty, therefore, becomes intergenerational, as is observed in many large city slums in developing countries, such as the Dharavi slum in Mumbai, which now houses almost 2 million people, or the slum in Mathare Valley, Nairobi.

Financing shelter is only a component of the broader goal of securing solutions that can make shelter truly sustainable and fill the gap between the two extreme outcomes that are being witnessed today: affordable shelter that is inadequate and adequate shelter that is unaffordable. Given the urgency and growing significance of the 'urbanization of poverty' challenge, it is difficult to think of other areas of development that deserve more attention and investment on the part of the local, national and international institutions committed to reaching its goals, including the target of improving the lives of at least 100 million slum dwellers by 2020 and of finding practical and sustainable solutions to the global fight against poverty.





UN-HABITAT

Financing Urban Shelter



Shelter Indicators

	Access to urban services						Number of households						
	Improved water (%)		Improved sanitation (%)		House connections (%)		Estimates and projections (000)			Five-year increment (000)			
	1990	2002	1990	2002	1990	2002	2005	2015	2025	2005-2010	2010-2015	2015-2020	2020-2025
World Total	92.1	92.4	81.1	81.2	73.3	71.6	1,743,640	2,116,248	2,461,422	191,930	180,678	175,481	169,694
WORLD MAJOR AGGREGATES													
More developed regions	99.8	99.6	99.4	98.0	97.9	96.4	497,505	547,104	582,358	27,161	22,438	18,896	16,357
Less developed regions	89.0	89.9	73.8	75.4	63.5	62.9	1,246,135	1,569,144	1,879,065	164,769	158,240	156,584	153,337
Least developed regions	74.9	79.2	49.0	57.8	32.9	34.7	134,798	179,679	239,473	21,416	23,465	27,327	32,468
Landlocked developing countries	83.2	86.2	54.8	61.6	43.3	53.2	72,437	93,677	121,838	10,016	11,224	13,064	15,098
Small island developing states	93.7	94.2	85.8	86.1	80.2	76.0	11,187	12,882	14,375	839	856	777	716
UNITED NATIONS REGIONAL GROUPS													
African States	78.7	83.4	55.3	57.8	42.5	43.3	188,308	248,991	321,124	30,867	29,816	33,993	38,140
Asian States	91.3	90.8	82.1	81.0	69.4	70.3	937,383	1,164,423	1,368,331	116,316	110,725	105,331	98,576
Eastern European States	97.5	97.7	97.6	93.3	90.9	88.9	139,769	147,013	147,129	5,384	1,860	471	(355)
Latin American and Caribbean States	94.4	96.3	82.6	86.4	82.9	83.8	142,689	175,549	206,351	16,644	16,215	15,749	15,054
Western European and Other States	98.5	98.5	99.4	99.7	98.8	99.6	209,865	231,808	248,799	11,384	10,560	9,050	7,941
HUMAN DEVELOPMENT AGGREGATES													
High human development	99.0	99.2	98.2	98.4	96.6	96.1	461,648	518,920	566,193	29,490	27,782	24,769	22,504
Medium human development	93.4	92.6	80.4	81.1	70.6	72.1	1,134,804	1,396,006	1,623,226	136,728	124,473	118,068	109,153
Low human development	74.3	81.9	47.5	53.9	33.7	34.8	147,188	201,322	272,003	25,712	28,423	32,644	38,037
INCOME AGGREGATES													
High income	99.8	99.8	99.6	99.6	98.9	98.8	386,518	433,249	472,107	23,984	22,747	20,349	18,509
Middle income	95.2	95.5	98.9	88.4	83.4	84.5	891,644	1,083,250	1,247,057	101,780	89,827	85,217	78,590
Upper-middle income	95.7	95.9	92.7	89.9	86.3	86.0	93,028	109,385	124,323	8,259	8,098	7,649	7,290
Low-middle income	93.9	94.2	83.6	85.5	77.3	78.8	798,616	973,865	1,122,734	93,520	81,729	77,569	71,300
Low income	79.7	81.7	50.7	58.3	37.3	40.5	465,479	599,749	742,258	66,167	68,104	69,914	72,595

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