

HOUSING AT THE CENTRE OF URBAN POLICIES

Future sustainability of cities will depend on the importance placed by local and national authorities on housing in urban policy and planning processes, according to a new report by the United Nations Human Settlements Programme, UN-Habitat.

This will require a paradigm shift from basic construction of houses to a more holistic approach which integrates regulatory frameworks, as well as urban planning and urban finance, with human rights and recognizes the need to place people at the centre of sustainable urban development, says the *World Cities Report 2016, Urbanization and Development: Emerging Futures*.

UN Under-Secretary-General and UN-Habitat Executive Director, Dr Joan Clos, said: “National and local authorities must take the lead in responding to the housing needs of poor and vulnerable city residents by engaging a cross-section of stakeholders, including potential beneficiaries, in developing viable and inclusive mechanisms for sustainable low-income housing.

“To position housing at the centre of sustainable development, UN-Habitat advocates a twin-track approach; a curative approach which involves improving existing houses, and a preventive approach which involves construction of new housing units”, he said.

Housing accounts for more than 70 per cent of land use in most cities and determines urban form and densities, provides employment and contributes to growth. The chaotic and dysfunctional spread of many cities and towns witnessed over the past 20 years, and the growing gap between supply and demand, particularly for low-cost housing, point to the low priority given to housing in national and international development agendas.

Current policies failing to provide affordable housing

In 2010, as many as 980 million urban households lacked decent housing globally. Between 2010 and 2013, there will be 600 million households without decent shelter. To address this shortfall in supply, one billion new homes will need to be constructed worldwide by 2025 at an estimated cost of US \$ 9-11 trillion, or \$650 billion per year.

Housing policies adopted over the last 20 years through the enabling approach have failed to promote adequate and affordable housing. While governments have gradually withdrawn from direct supply of housing, little attention has been paid to unregulated free market trends that have tended to work against low-income households in rapidly urbanizing cities of the world.

Neither have governments provided an enabling regulatory framework or market incentives for other actors to fill the gap in supply affordably. The ‘enabling’ approach has systematically favoured middle-class home owners at the expense of ever-growing numbers of poor citizens who have been ‘disabled’ by being excluded from access to decent and affordable housing, according to the report.

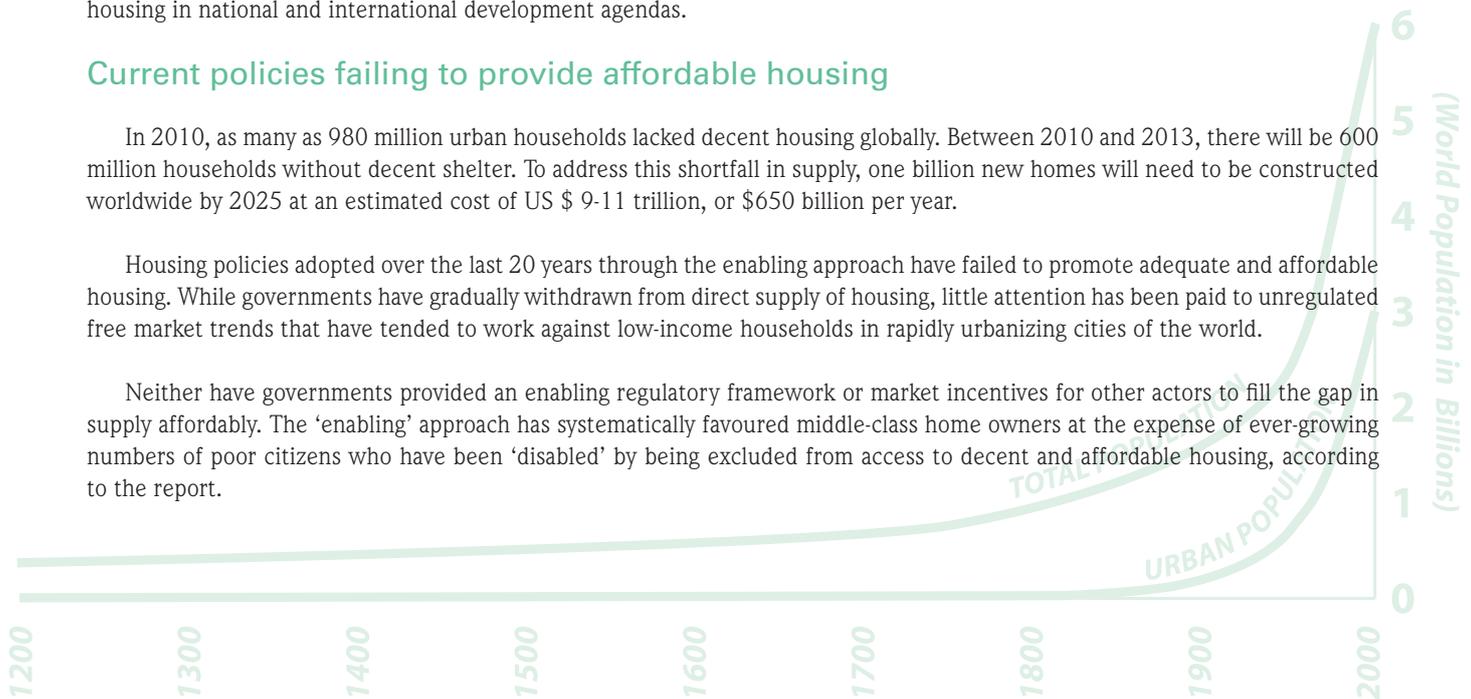


Table 3.1: The do's and don'ts of enabling housing markets to work*Source: World Bank, 1993.*

Instrument	Do	Don't
Developing property rights	Regularize land tenure Expand land registration Privatize public housing stock Establish property taxation	Engage in mass evictions Institute costly titling systems Nationalize land Discourage land transactions
Developing mortgage finance	Allow private sector to lend Lend at positive/market rates Enforce foreclosure laws Ensure prudential regulation Introduce better loan instruments	Allow interest-rate subsidies Discriminate against rental housing investment Neglect resource mobilization Allow high default rates
Rationalizing subsidies	Make subsidies transparent Target subsidies to the poor Subsidize people, not houses Subject subsidies to review	Build subsidized public housing Allow for hidden subsidies Let subsidies distort prices Use rent control as subsidy
Providing infrastructure for residential land development	Coordinate land development Emphasize cost recovery Base provision on demand Improve slum infrastructure	Allow bias against infrastructure improvements Use environmental concerns as reasons for slum clearance
Regulating land and housing development	Reduce regulatory complexity Assess costs of regulation Remove price distortions Remove artificial shortages	Impose unaffordable standards Maintain unenforceable rules Design projects without link to regulatory/institutional reform
Organizing the building industry	Eliminate monopoly practices Encourage small firm entry Reduce import controls Support building research	Allow long permit delays Institute regulations inhibiting competition Continue public monopolies
Developing a policy and institutional framework	Balance public/private sector roles Create a forum for managing the housing sector as a whole Develop enabling strategies Monitor sector performance	Engage in direct housing delivery Neglect local government role Retain financially unsustainable institutions

Since 1992, international development assistance in housing has shifted away from investments in pro-poor housing, slum upgrading and sites-and-services schemes, to housing finance, institutional strengthening and shelter-related disaster relief. The result has been a swing from low- to middle-income countries, from small to larger loans, and from sites and services schemes or slum upgrading programmes to mortgage refinancing.

Many governments around the world have encouraged owner occupation of fully serviced single-household dwellings, suitable for households in developed countries and the growing middle class in countries in transition and developing countries. Little or no effort has been made to encourage affordable rental or multi-occupied housing for low-income households.

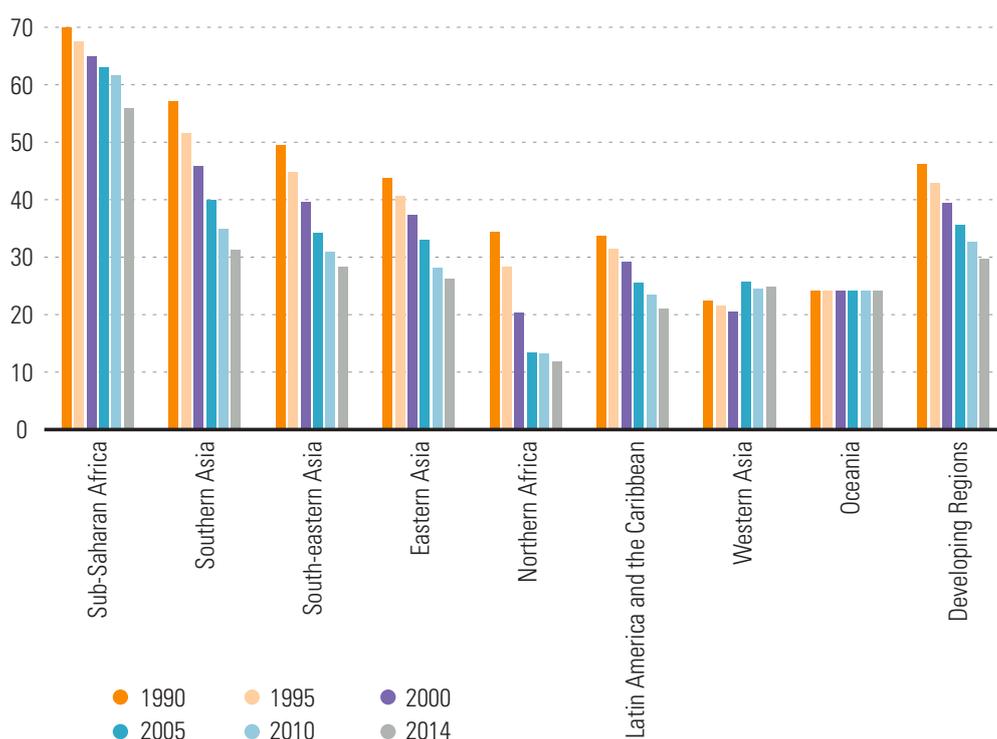
At lower income levels in developing countries, the informal private sector has taken over provision of most housing, usually in tandem with informal land owners. This model provides low income housing for up to 70 per cent of urban housing in Zambia, 70 per cent in Lima, 80 per cent of new housing in Caracas, and up to 90 per cent in Ghana.

Since 1996, land market policies have only helped wealthier groups in developing countries, driving up house prices. In Bogotá, land accounts for up to half the cost of social housing. Lack of access to land and dysfunctional urban land markets remain among the most pervasive constraints to the provision of adequate low cost housing. A number of countries have postponed or abandoned reforms targeting land and housing laws and regulations, despite the critical role of land as an input into the provision of housing.

Finance has focused on mortgages, sometimes incorporating subsidies and directed through government institutions to make them affordable to the middle class. While microfinance has had little effect on housing finance as yet, community-led finance and development has effectively supported the poor in several countries, giving them a voice in the process.

Figure 3.1: Percentage of urban population living in slums (1990-2014)

Source: UN-Habitat, Global Urban Observatory Urban Indicators Database 2015.



Slums: the visible face of poverty

The slum challenge continues to be one of the most visible faces of urban poverty, inequality and deprivation in many developing countries. Overall, the proportion of slum dwellers in urban areas across all developing regions has reduced considerably since 1990, although in absolute terms, the numbers have increased gradually. In 2014, there were 881 million urban slum residents, compared to 689 million in 1990.

Collective action in different parts of the world has shown that living conditions in slums can be improved; 320 million people were lifted out of slum-like conditions between the years 2000 and 2014. The time has come to deal decisively with the unfinished business of slums, if we are to ensure that by 2030, access for all to adequate, safe and affordable housing and basic services becomes a reality.

Key messages

- i. If the emerging future of cities is to be sustainable, a new approach that places housing at the centre of urban policies is required.
- ii. UN-Habitat proposes a strategy that places *housing at the centre of the new urban agenda* and seeks to reestablish the important role of housing in achieving sustainable urbanization.
- iii. At the national level, the goal is to integrate housing into national urban policies and into UN-Habitat's strategic thinking on planned urbanization.
- iv. At the local level, the importance of housing must be reinforced within appropriate regulatory frameworks, urban planning and finance, and as part of the development of cities and people.