



report on housing policies & practices in the Asia region

Asian Coalition for Housing Rights (ACHR)

October 2018

PART 2: COUNTRY REPORTS

These 13 country reports were prepared to inform the Asia regional contribution to the UCLG GOLD Global Report on Housing Policy, which was prepared by ACHR in October 2018.

To download the draft UCLG-Gold global report, "Rethinking Housing Policies: Harnessing local innovation to address the global housing crisis," Follow the link below to download a PDF version of the draft global report. https://www.gold.uclg.org/sites/default/files/Rethinking_HP.pdf

United Cities and Local Governments (UCLG) is a worldwide network of some 1,000 cities and 175 local and regional governments, across 95 countries, which advocates for democratic local self government and represents the voice of local governments on many fronts. Every three years, UCLG produces an important global report which focuses on a specific aspect of local governance. Their 2019 report looks at housing policies, practices and the role of local governments in providing housing to all.

When the UCLG invited ACHR to prepare the Asia contribution to this global housing policy report in 2018, we saw an opportunity to link with this active global coalition of local governments and to bring voices from the region - and from the ground - into this important housing report. But instead of contracting someone to research and write the paper alone, we decided to use the modest \$20,000 budget from UCLG to turn the project into an opportunity for sharing, collaboration and learning across the region.

Some key ACHR groups who work on housing issues were then invited to write ten-page reports which summarize the urban housing issues, trends, striking innovations and promising programs in their countries. Authors of these country reports were Bingqin Li (China), Suhailey Farzana and Khondaker Hasibul Kabir (Bangladesh), Keya Kunte (India), Johan Silas (Indonesia), Mitsuhiro Hosaka (Japan), Seong-Kyu Ha (Korea), Suraya Ishmail (Malaysia), Lajana Manandar (Nepal), Arif Hasan and Hamza Arif (Pakistan), Emma Porio and Anna Marie Karaos and Gerald Nicolas (Philippines), Ranjith Samarasinghe (Sri Lanka), Nausica Castanas and Supreeya Wungpatcharapon and Kasama Yamtree (Thailand) and Tran Minh Chau (Vietnam).

After the 13 country reports came in, another collaborative team was set up to draft the Asia-wide report (including Brenda Perez-Castro in Yangon, Hamza Arif in Karachi and Somsook and Tom in Bangkok), drawing on both the country reports and ACHR's document archive, and with advisory inputs from senior friends in the ACHR coalition. Because the report was produced by a coalition of doers who work on the ground, and not by academics or consultants, the report's core material described pragmatic housing strategies and programs, in many different contexts, that convey strongly the message that solving Asia's enormous housing problems *is possible*. After submitting our Asia regional report to UCLG in October 2018, our good friend David Satterthwaite at IIED took over the huge task of putting together all the regional reports into a global report, which will come out in 2020.

UCLG-GOLD / ACHR HOUSING REPORT

Country papers on housing conditions and policies

June 2018

NOTE: This file contains the 13 country papers on urban housing issues, trends and striking innovations and programs that were prepared in 2018, as part of the collaborative process by which ACHR produced the ACHR / UCLG Asia Housing Report. These papers were written by several key ACHR groups (including practitioners and academics) who are actively involved with urban poor housing issues in their respective Asian countries. The names and affiliations of the authors of the country papers are listed below. The material in these papers provided the key content for the final Asia Housing Report, which has been submitted to UCLG. That Asia Housing Report, in turn, will contribute to the preparation of the UCLG-GOLD Global Housing Policy Report.

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1. Introduction:

Bangladesh is aspiring to be a middle-income country by 2021. The country has demonstrated impressive trend of economic growth and development. However, local government institutions remain weak in delivering services to their citizens including housing. Limitation of resources, lack of accountability and the process of delivering services through top-down and centralized approach adds up in creating a challenging environment for providing housing for all, especially low-income groups.

Bangladesh has good housing policy, yet it is not implemented properly. Government did not make satisfactory progress in housing development for low-income households in dense urban areas. Only the rate of eviction came down due to political will and constant advocacy by slum dwellers' organizations with the help of pro-poor legal support groups. In the absence of government initiatives, the private sector who successfully provided housing for higher and middle income groups, could not offer any scheme for them either. One of the reason is, the formal process of housing finance is not favorable for support low-income groups. Although they can access microfinance, yet microfinance not necessarily empower the poor as the capital remain with the credit providing institutions who make profit from the finance. The law does not allow community organizations to receive funds directly from donor agencies. As a result, any initiatives of community organizations to develop housing on their own still depend on some NGO for accessing funds. There is no effective housing finance provision in the country to support the poor who needs most.

However, there are examples of some good practices where low-income community are working with local support groups, international organizations as well as local government. The success of these local initiatives are building trust on community-led process and encouraging the government and other organizations to scale up across the nation.

2. Country situation:

Bangladesh with a population density of 1,252 people per square kilometer has demonstrated remarkable progresses in the areas of poverty alleviation and ensuring food security (GED 2015). The current rate of urbanization in the country is 30%; 56 out of 160 million people live in urban areas, 21% of whom are considered as urban poor (BBS 2016). Based on findings 4.6 million housing unit deficit for the then 43.43 million urban population in 2010, it was projected that in 2021, the housing deficit will reach 8.5 million units for 60 million urban population (BBS, 2010). The population living in slums has increased by 60% in last 17 years (BBS slum survey 2014). They live with high insecurity of tenure and deprived of civic amenities. The slums have poor housing condition and infrastructure including poor access to water and sanitation, drainage and exposed to high risks of pollutions and disasters.

Considering housing as one of the basic rights, article 15 of the Constitution of the People's Republic of Bangladesh states that: "It shall be a fundamental responsibility of the state to attain, through planned economic growth, a constant increase of productive forces and a steady improvement in the material and cultural standard of living of the people, with a view to securing to its citizens the provision of the basic necessities of life, including food, clothing, shelter, education and medical care. It is expected that provisions are made to ensure that people, especially the poor and under able, those who are forcibly made to migrate to cities because to natural calamities or through the absence of economic opportunities in their village are able to build their own homes and have security of tenure."

Considering the rights, housing policy was formulated and revised over the years. In 1993 National Housing Policy recognized slum dwellers basic rights to shelter, which encouraged in situ upgrading, slum renovation and relocation if required with community's active participation. During 1999 National Housing Policy was revised where it recommended to increase availability of basic infrastructure for populations of different income levels, particularly the poor and to facilitate the purchase of land by the poor in locations which are near the place of work and where communication is easy and inexpensive. The policy suggested to develop housing for authorized urban settler in their present location, and if their land is needed for other purposes, to relocate them elsewhere. It also promised to set up a system to get easy loans through family or community savings, to remove barriers for housing, mainly for poor through non-formal micro-credit schemes. The policy position reinforced that the government will set up a housing fund. Loans from the fund

will be available to NGOs and credit agencies and financial institutions for distribution to cooperatives, community associations, registered companies, private development agencies for disbursement for low-cost housing through the local government. The policy also promised to facilitate provision of sanitation, water and night shelters for pavement dwellers and the homeless. In theory, the policy position of the government aimed for benefiting the marginalized, yet very little has been achieved on the ground from the policy as it promised more than government's capacity. Interestingly, the housing policy benefitted mostly the government to build public buildings for its employees (Rahman 2010).

In 2017 the policy was updated and amended to focus more on housing of disadvantaged communities who are always in the shadow of housing development (BIGD, 2017). This time, the policy promised housing for all through the involvement of public-private partnerships (PPP), cooperatives, NGOs, voluntary organizations, individuals and groups. The policy emphasized on creating 'urban land banks' on government *khas* land. It also mentioned to ease the process of land acquisition by making land administration, revenue collection, land surveying, land transfer and land registration system modern and convenient. This is because different initiatives of housing for low-income communities are delayed due to lack of resettlement land information and acquisition process. It re-emphasized the formation of 'housing finance programme' and encouraged insurance, commercial and cooperative banks and financial institutes to increase their financing in housing development. Despite of good policies, the supply of housing meets less than 5 percent of the overall demand in the densest urban areas like Dhaka (BIGD, 2017).

NDBUS (Nogor Daridro Bastibashir Unnoyon Shongstha - Development Organization for Urban Poor Slum Dwellers), formed in 2007, is a slum dweller association, which has representatives from 15 cities of the country. Along with other social and slum development work, this organization works primarily to prevent eviction and establish housing rights. From the beginning of its creation, it could mark positive impact on organizing and building network among slum dwellers. They could establish their position by getting supports from renowned lawyers of Bangladesh who are also assisting them for establishing their rights via law and order. As a result they could stop several big slum evictions with the help of law and support from media. According to the General Secretary of NDBUS "it was only possible due to our unity".

"We have been working for a long time with NGOs and government. I often wonder why the government or NGOs do not focus much on empowering the slum dweller organizations to solve the housing problem." (Fatema Akter, Community leader, General Secretary, NDBUS)

The role of government has changed over time in housing sector from provider to facilitator (Jabeen 2013). After the independence, the government aimed at co-operative housing in first Five Year Plan. After government's realization of not being able to solve housing problems in a typical approach, the Second Five Year Plan (1980-85) tried to ease the shortage by constructing large number of semi-permanent housing units, using government's own resources and easy-term finance. In Third Five Year Plan (1985-90) the government echoed the need of civic amenities for all classes. Gradually government inclined to play enabler's role by planning and developing land, infrastructures, services and arrange for finance in Fourth Five Year plan of 1990-1995. Till Fifth Five Year Plan, government attempted to develop low-cost multi-storied buildings to rehabilitate the poor, which did not work out successfully (Rahman 2010).

At present, it is estimated that only 7% of the total housing supply in Dhaka is met by the public sector, the rest 93% depends on private developers (RAJUK 2016). Among the private developers, the real estate companies focus on mostly the high and upper-middle income households while poor are highly neglected. Though there are few good National institutional arrangements with noble objectives for housing development in the country, unfortunately most of them did not appropriated for poor people's housing. For Dhaka there are *Rajdhani Unnayan Kartripakkha* (RAJUK), Dhaka North City Corporation (DNCC), Dhaka South City Corporation (DSCC) and National Housing Authority (NHA), Bangladesh House Building Finance Corporation (BHBFC), Housing and Building Research Institute (HBRI), Urban Development Directorate (UDD) for nationwide housing development. Among all the institutions, NHA is the responsible organization for meeting housing demand all over the country especially for the low-income and middle income households. However, their actions and efforts in the ground are often questionable regarding in comparison to their aim.

With time, the urban poor have organized themselves as different community-based organizations (CBOs), for example, NDBUS (*Nogor Daridro Bastibashir Unnoyon Shongstha* - Development Organization for Urban Poor Slum Dwellers), NBUS (*Nogor Bastibashir Unnoyon Shongstha*- Development Organization for Urban Slum Dwellers), CUP (Coalition for the Urban Poor), BOSC (*Bostibasheer Odhikar Surakkha Committees* - Slum dwellers Rights Protection Committee) etc. These organizations worked towards preventing evictions

in large scales and making their voice heard to the government. Though they are still struggling to create any example of housing, there is hope as they are united.

3. Governance system and relationship between national and local levels

Bangladesh is yet to achieve a functional decentralized administration. Although local government institutes exist at urban and rural levels, they are in no position to undertake long term pro-poor initiatives on their own because of high dependency on central government initiated programme and grants (Aminuzzaman 2013). In the past, the government implemented a pilot project to resettle urban poor at Bhashantek in Dhaka, the capital city of Bangladesh together with private real estate developers. The project failed to benefit the poor people as the housing was not affordable by them (Ahmed 2007). Interestingly, low-income settlements are not visible in the city master plans as a result the people remains in the shadow of development. National Housing Authority (NHA) under the Ministry of Housing and Public Works has recently undertaken a national level pilot project named Low-income Community Housing Support Project for urban poor communities. This intends to include national and local government, NGOs and community people.

The 7th Five Year Plan (FYP) of government has made a primary financing estimation of an amount of US\$ 403.8 billion from both public and private sectors for the fiscal year of 2016-2020. But this amount does not reflect the need or demand based financial allocation to achieve the SDG target 11 housing for all". The CBO (Community Based Organization), CSO (Civil Society Organization) and NGOs have been playing a key role in economic and social development of Bangladesh. The nation can benefit more through strengthening the local government by giving autonomy with decentralized management system to prepare appropriate development strategies with local leadership with ensuring people participation (EquityBD 2017).

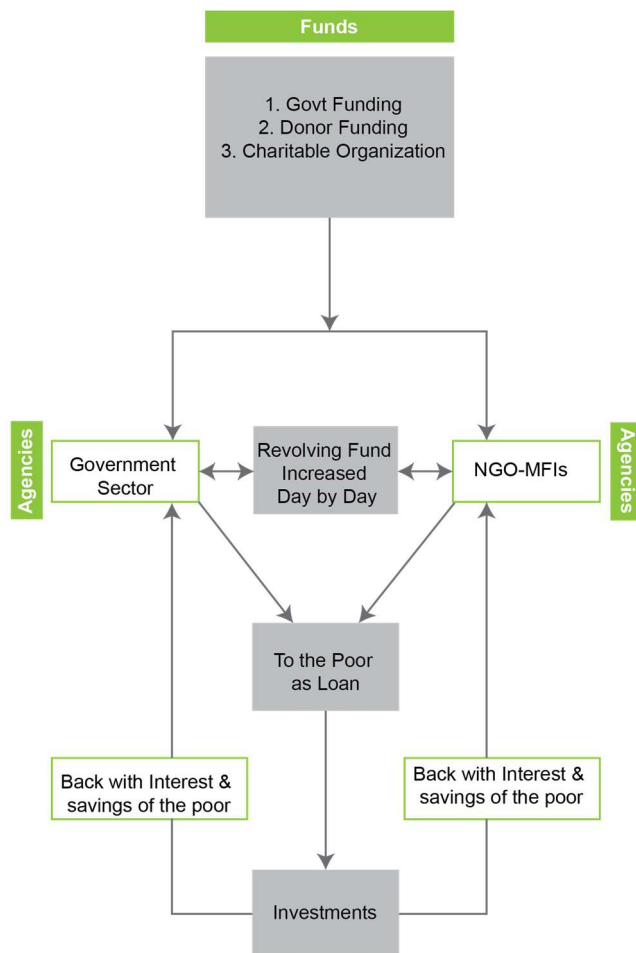
4. Financial systems for housing development:

Bangladesh government shows effort to ensure housing for low and middle-income groups as promised in 'Vision 2021' (Budget speech 2011-2012). The government developed a housing fund of BDT 500 million (USD 5.90 million), which has grown into 1606 million (USD 18.9 million) till March 2011 to facilitate the process. NGOs can take loan from this fund with 1% rate and offer loan for housing at the rate of 5% for the tenure of 10 years with easy condition (BIGD, 2017). However, the actions on the ground are rather different than the promises where middle-income groups are prioritized over low-income, for example, building of 22500 flats in Dhaka city (Pal and Hossain, 2014).

In the budget for fiscal year 2017-18, the housing sector received 1.65% of the total development expenditure hoping for a public private partnership and facilitating other investment. Interest rate is an important factor in housing finance, which ranges between 10 and 14% in government banks and between 9 to 15% in private commercial banks (The Daily Star, 2016). Bangladesh House Building Finance Corporation (BHBFC) is the only authorized provider of government-subsidized housing loans. Among 6 types of long-term and short-term loans, it has provision to provide loan to middle income and low-income groups. However, the process of procuring loans from BHBFC is often very lengthy and politically driven (Sarker et al. 2011).

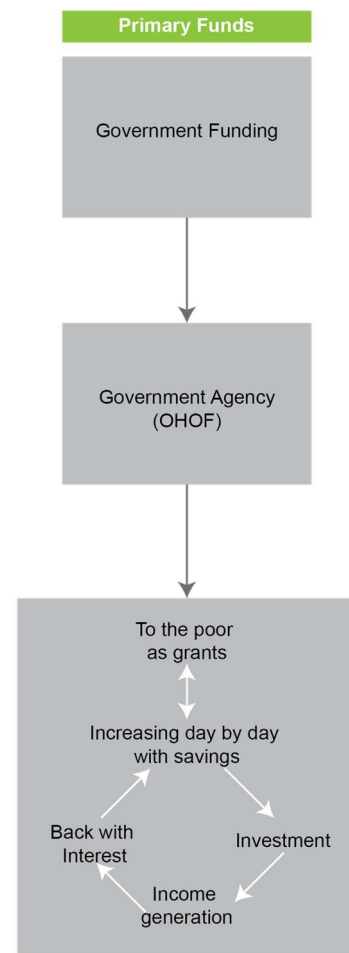
National Housing Policy 2017 put emphasis on improving housing finance by accommodating private real estate companies to formal capital market and encouraging capital accumulation through public share. It also inspires real estate companies to widen their services by providing smaller apartments for middle and lower-income groups in the market. However, it's difficult to predict at this stage how much National Housing Policy 2017 will achieve these by action after it has passed by the National Parliament. None of the government policies or any institution actually make credit easily accessible for low-income groups. Moreover, there is almost no facility or direction from government for the landless urban poor to negotiate for land and getting access to housing finance.

Interestingly, Bangladesh government already has a good financial model for rural housing project named '*Ekti Bari Ekti Khamar*' meaning 'One House One Farm' where the capital lies with the poor and increase day by day. The ACCA (Asian Coalition for Community Action) funded housing projects in urban areas of Gopalganj and in Jhenaidah reflect the similar financial model where the community networks of the cities have been using the grant as revolving fund for community upgrading. In those initiatives the community members manage their own finance and the capital remain with them to reinvest. This model can be one of the potential ways to finance low-income groups to develop their housing. The local government can be associated where the external finance or grants needs to be transferred to the communities.



Capital lies with NGOs/MFIs/Institutions and increasing day by day

Figure 1: Traditional microcredit model in Bangladesh



Capital lies with the poor and increasing day by day

Figure 2: One House One Farm model (OHOF)

Source: Adapted from Roy, One House One Farm Project

5. Good practices, innovations, programs and cases of community initiatives

Few cases in Bangladesh are worth mentioning as examples or initiatives that show some light towards a better possibilities.

Case 01: UPPR Housing

The Urban Partnership for Poverty Reduction Project-UPPR supported 3 million poor and extreme poor of 23 towns and cities of Bangladesh within the project timeline of 2008 to 2015. It was the next phase of Local Partnerships for Urban Poverty Alleviation (LPUPAP) project (2000-2007). This program was financed by UKaid, UNDP, UN-Habitat for living condition improvement component, Government of Bangladesh (GOB) and the beneficiary community. Mostly led by women, to improve livelihoods and living condition, UPPR strengthened urban poor to plan and manage their own development by establishing partnerships with other development actors, local authority and the private sector. Few of the major outputs of UPPR are mobilization, settlement improvement, socio economic development, policy advocacy and management (UNDP 2016).

Two examples in Gopalganj and an example in Sirajganj city by UPPR project can be mentioned here.

A) Mandartola Housing Project (Resettlement on government land)

This project was initiated to tackle the situation after an eviction of 350 families in 2009. Municipality, UPPR and CDC (Community Development Committee) teamed up together for project implementation by providing three major supports – land security, technical and financial supports. Interestingly, government played an unusual role by allocating 4.16 acres (1.68 hectare) of low land to Gopalganj municipality in June 2010, which was leased for 99 years for relocating the evicted families away from one kilometer from the town

center. The municipality gave the land as long-term lease to the affected people to resettle there. Among them 260 families were selected to relocate under different criteria. In the building process with the advice from Asian Coalition for Housing Rights (ACHR) UPPR established the first Community Housing Development Fund (CHDF).

The project was supposed to be done by the fund received from ACCA (Asian Coalition for Community Action) project of ACHR and grant from Comprehensive Disaster Management Project phase II (CDMP II) of UNDP. Community Architects Network of ACHR along with local architects supported to develop community maps and plans of their houses within an affordable cost so that poor people can build it by themselves, repay the loan easily and develop their houses incrementally. However with the big fund, BDT 61 million (USD 0.72 million), allocated by CDMP the project aspired to see a complete housing as product built by the contractors. As a result the community-led building process was hampered. Till now BDT 30 million (USD 0.35 million) has been used for land development and building 138 houses. ACCA fund was used in another project, Azam settlement, in the same city for land readjustment project. Construction of Mandartola housing started in November 2012.

In Mandartola project, plot size for each household is of 475 sft (21'7"X21'7") with the house of 379 sq. ft. (20'3"X37'4") floor space. It is one storied house comprises of two rooms, one verandah and a latrine with brick walls and corrugated iron sheet roofing. Cost of each unit is BDT 245,000 (USD 2892). The construction work was done by CDMP contractors, which made the cost higher and has become a liability on poor people to repay the loan (UNDP).

We formed the first CHDF (Community Housing Development Fund) of the country and could build houses of two communities in Gopalganj. We are the community people, we work, we laugh and fight- this is how we work. Our relationship goes beyond our work. But when we work with the people of any organization in their project, we see that when the project ends the human relationship also ends. Building relationship is very valuable. It takes a lot of energy to build it. We don't want to lose it. It makes me think that is it not possible to continue this human connection even after any project ends! However, we have a nationwide network of CHDF, where we share our feelings, small successes and challenges, which is a good achievement." (Runu Begum, Community leader, President, Gopalganj CHDF)

B) Azam Settlement (Land readjustment and upgrading in a private land)

UPPR piloted a participatory land readjustment and urban upgrading initiative in Gopalganj. It was for a poor community who were living on a private land for more than 40 years. It's an important example for leasing land for 20 years to the community people by the land owner. After such intervention, the community could upgrade their settlements and 24 families improved their living conditions. Gopalganj CHDF used the ACCA fund here, which was previously allocated for Mandartola project. This shows that flexible funding and flexible timeframe works better for community-led process. The layout was proposed on 0.35 acre of land with basic infrastructure. The land was divided into 24 plots, each measuring an area of 480 sq. ft. (16X30 ft.). The land was developed with a fund of BDT 684,133 (USD 8075) from Settlement Improvement Fund (SIF) from UPPR. Each household was given loan of BDT 100,000 (USD 1180) in 3 installments: BDT 30,000 (USD 354); BDT 40,000 (USD 472) & BDT 30,000 which needs to be repaid monthly by 7 years with a rate of service charge of 8% per annum (UNDP).

"People of Mandartola perceive it as a donation from government but people of Azam Settlement perceive it differently. As a result Azam settlement's inhabitants perform better as a community." (Runu Begum, Community leader, President, Gopalganj CHDF)

C) UPPR Sirajganj

In Sirajganj city, CHDF was established in 2013 with a vision of securing tenure and improving housing. It got accreditation from Sirajganj municipality immediately and got registered from Cooperative department in 2015. Since urban poor are not considered creditworthy by formal sectors, its establishment opened up ways for low-income communities to access finance/credit and improve their habitat.

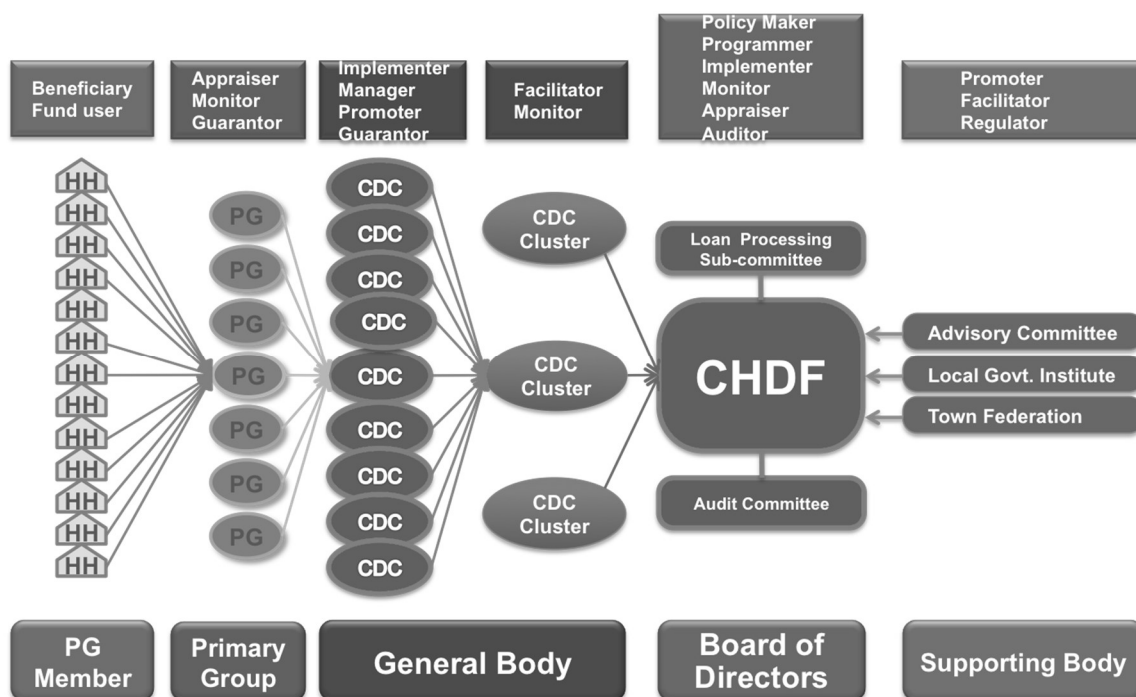


Figure 3: CHDF governance structure (Source: UPPR)

Sirajganj CHDF's capital fund is BDT 1,150,000 (USD 135 thousand). From it total amount of BDT 1,540,000 (USD 180 thousand) loan is disbursed and BDT 40,000 (USD 46 thousand) is recovered with a recovery rate of 100%. Till today CHDF has provided loan to 123 households. Among these households, supports have been taken for building new houses, purchasing land and shops, repairing houses, connecting gas lines and also for settlement planning, house design and monitoring. Grant support for two extreme poor households are also provided. Sirajganj CHDF has built and repaired 117 houses (Pirven, 2016).

Box 4: Voices from the Ground: Successes

"When poor people are not united they have less courage and willingness to improve their living condition. We could build this courage in the poorest communities through CHDF.

Now the change is visibly evident through their newly built houses." (Ruksana Pirven Sweety Community leader, President, Sirajganj CHDF)

Box 5: Voices from the Ground: Role of Community Architects

"Previously we got assistance from Community Architects while working with UPPR. We experienced what community architects can do. After ending UPPR project we barely get this service. We feel, in every municipality there should be community architects too. Community architects are like doctors who can make house healthy and beautiful." (Ruksana Pirven Sweety, Community leader, President, Sirajganj CHDF)

"We have been organizing ourselves for many years with a dream of working directly with government and donor agencies the way NGOs conventionally do in our country. However, when new projects are coming through NHA and World Bank, it seems that we do not fulfill the criteria of receiving financial support. The money will come to us through some NGOs, not directly. Rules are for people. Why not the government or donor agencies change their rules to work with us?" (Ruksana Pirven Sweety, Community leader, President, Sirajganj CHDF)

"People don't call our community slum anymore though we are the same people living in the same area but in a better house built by us. As women, we have got confidence, self-respect and empowered ourselves by engaging in the housing process. We own the process as we did it, it has given us power and now we could dream to do something even better." (Sharifa Aktar, Community leader, Jhenaidah)

Case 02: Jhenaidah Citywide Housing Process

Jhenaidah citywide housing is a humble homegrown community-led initiative in Jhenaidah city. It involves people from low-income communities to unite in one platform through savings, mapping and other small actions to solve their own problems. It started its journey in 2014 by organizing communities through

creating self-managed saving groups. One of the important objectives of the process is to empower people by bypassing rigid organizational systems. It deliberately intends to see if the community people with local NGOs, local architects, engineers, local institutions, local government and authorities with minimum support from big national and international organizations and funding bodies can bring out some innovative and contextual solution for housing problem. It has created the confidence that “we can do it locally” - to overcome the psychology that “we need help from outside”. As the people are going forward in association with local government it is getting more support and appreciation from all, even from policy makers. Slowly the essence, happiness and power of this community-led process have been embraced by urban and rural communities of other regions of the country (Kabir et al 2017).

In 2015-2016 the community network used ACCA and SELAVIP support as revolving fund to build their houses. Saving together, planning together and building together are the three major steps of the process. With people’s own savings gradually two most deserving and prepared communities have built 38 houses by disbursing loans of BDT 100,000 (USD 1180) to each household and also have built 7 houses for extreme poor households by grant of BDT 40,000 (USD 470) per house. All the housing interventions so far in Jhenaidah are in-situ upgrading on their own land. They repay BDT 120,000 (USD 1415) in 5 years in installments of BDT 500 (USD 5.8) weekly. With the loan, BDT 100,000 (USD 1180), people build two room brick houses. People add BDT 20,000 (USD 236) more from their own savings with the loan, i.e. with BDT 120,000 (USD 1415) each household has been building a two-room, two-storied core house including toilet, door and window panels. The houses are one or two-storied depending on land availability and people’s aspiration. The footprint area of two-storied house is 200 sq.ft (12’-0”X15’-5” house with verandah 4’-0”X3’-5” toilet) with one room, one verandah and a toilet on the ground floor. The upper floor of same room size is connected with a stair and a small balcony. Size of each room is 11’-2”X9’-7”. Single storied house’s footprint area is 382 sq.ft. It has two rooms, one long verandah and a toilet. The room sizes are as of two-storied houses. Through the participatory process the plan of the core houses were developed in such a way so that people can have the opportunity for future expansion according to their needs and land condition. The process reduces the “cost” and increases the “value of houses”.

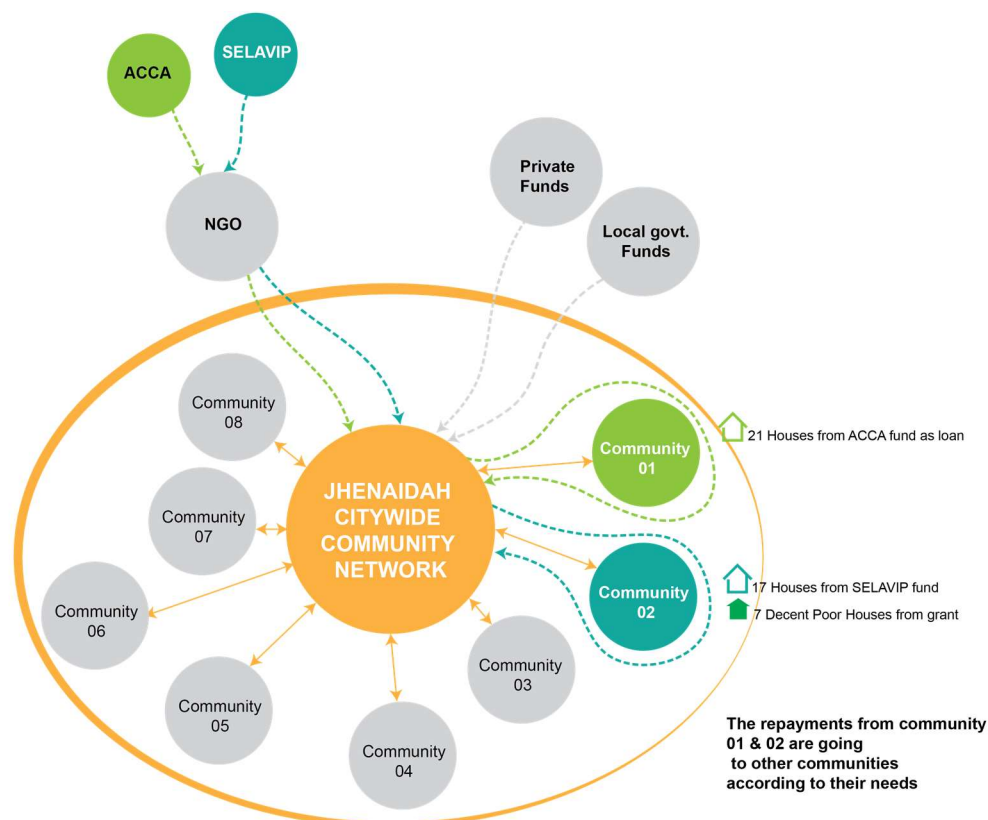


Figure 4: Flow diagram of funds

In Jhenaidah it is more of a process than a project. The core value of this process is to “trust on people that they can do it” where people enjoy the freedom to learn by collective actions. Moreover, flexible fund, flexible time and owner-driven process –these uniqueness of Jhenaidah citywide housing process has made it suitable for low-income communities.

The actors in this process are:

Citywide Community Network of Jhenaidah, Co.Creation.Architects, POCAA (Platform of Community Action and Architects), ALIVE (a local NGO), Jhenaidah Municipality, ACHR (Asian Coalition for Housing Rights), SELAVIP and CAN (Community Architects Network)

Inspired from Jhenaidah, Dinajpur city community network has also adopted this process where ACHR-SELAVIP fund is used as citywide revolving fund. A local NGO, SAFE Bangladesh, local municipality, architects and engineers from local institutions and volunteers from POCAA have been giving the communities different supports needed. It has also spread to low-income communities of rural areas of Jashore district. BRAC Urban Development Program (UDP) intends to scale up the process in an “organized” way by piloting it in at least two cities, Khulna and Satkhira. Horizontal sharing have been happening among communities of Jhenaidah and other cities. This is the best way to disseminate knowledge and wisdom effectively. The most exciting achievement is that after visiting the communities an urban lower-middle-income group have started the process by organizing themselves through saving groups and by purchasing land for collective housing in Dhaka city supported by a real estate company of Bangladesh.

Three major steps of the process:

1. Saving together
2. Mapping & Planning together
3. Building together

“Now I can invite my friends to study on the first floor of our house. My friends appreciate our roof garden and like to study with me. Previously I never invited them in our house as there was no quality place to sit.”
(Prokash Shorkar (a child from the community) community)

“We like the process because it gives freedom to design, choose and manage finance by our own. The feeling of freedom is very important to us. We build our houses as we dream and according to our requirement with technical help from professionals - that is the best thing happens by the process.”
(Tahmina Khatun, Community leader, Jhenaidah)

Case 03: Initiative of DSK (Dustha Shasthya Kendra)

Started informally since mid-eighties, DSK got formal recognition in 1989. Its core value is to “ build strong community based organization, which would eventually be able to plan, prioritize and implement its development programs through mobilization of its own recourses or resources of the government and society upon which they have a legitimate claim” (DSK 2015). The most important aspect is that, gradually DSK has created a platform for the CBOs like NDBUS, NBUS, CUP, and BOSC to work with low-income urban communities. One of the example is to do small upgrading projects supported by ACHR. This NGO often assist to bring funds from international agencies for the CBOs since they cannot bring fund directly. One of the noteworthy initiatives of DSK with the CBOs is to bring basic services like water and sanitation to the informal settlements. With their persistent effort they were able to bring service of DWASA (Dhaka Water Supply & Sewerage Authority) in different slums of Dhaka city.

Case 04: Low-income Community Housing Support Project (LICHSP) by National Housing Authority

LICHSP of National Housing Authority financed by the World Bank commenced in 2016. It aims to be community-led and participatory. Before scaling it up nationwide, a pilot demonstration of the process intends to be done in 19 settlements of three cities, named Sirajganj, Comilla and Narayanganj, within a timeframe of 2016-2020. The project wants to offer loans ranging from BDT 200,500 to 500,000 (USD 2365 to USD 5896) for building, repairing and extending houses with 5 years of loan recovery in 12% interest rate. Along with the housing loans LICHSP expect to ensure tenure security for low-income communities and integrate primary, secondary and tertiary infrastructure with city network.

The pilot project intends to help the households whose income ranges from BDT 10,000 to 40,000 (USD 118 to USD 472). Moreover one is only eligible for taking loan when the household has a secure tenure of land (Nuruzzaman 2017). It is hoped that in future lower income range households will be included and smaller loans will be offered so that many poor people in communities will not be excluded from the project benefit. As the project is initiated by NHA and government bodies, if it goes well and can gain trust it will benefit many people of the country by involving local government and local resources.

Case 05: BRAC Affordable Housing Initiatives

BRAC, one of the largest NGOs in the world, has recently started working with an intention to provide innovative livable solution in urban areas for meeting housing challenges through Urban Development Programme (UDP). Learning from the good practices of UNDP, NHA and especially from Jhenaidah housing process, BRAC initiated its way. In 2017 it brought together different stakeholders and mayors of more than fifty cities of Bangladesh for initiating a dialogue on housing and financing. Few important point of actions came up from this: advocate for inclusion, strengthen institutional capacity, priorities of community savings, negotiate long-term low-interest housing loans, emphasize greater collaboration, encourage private developers and adapt learnings and best practices. BRAC intends to work in 20 cities focusing especially on the 5 climate vulnerable cities namely Satkhira, Khulna, Sirajganj, Cox's Bazar and Chittagong within a timeframe of 2017-2020 (Aker 2018). Piloting has begun in Satkhira and Khulna ensuring a community driven process. It's yet to see how BRAC, as a big organization, balances between the community driven process and organizational system and co-create innovative solutions with low-income communities.

Case 06: National Urban Poverty Reduction Programme (NUPRP)

NUPRP is the following phase of UPPR project of UNDP. It aims to work in 35 cities of Bangladesh. For the first phase they will be working in 12 cities. Based on the previous UPPR reviews the programme intends to bring benefits in three levels – community, municipal and national. Along with many poverty reduction goals the project will also work to improve security of housing and infrastructure in urban settlements. It also aims to ensure a sustainable improvement in the livelihoods and living conditions of poor people living in urban low-income settlements.

These are the important examples and initiatives for low-income housing and community upgrading in Bangladesh. As different initiatives have different financial, management and technical support system, these create confusion among different community groups to work together in a nationwide scale. It is important to develop some common values and support system together with low-income communities, government, non-government organizations and other interested support groups for nationwide housing and development. These values and support system must be appreciated by government's constitutional responsibilities and political commitments. The support system must also aim to organize and empower communities collectively not individually so that a collective demand driven system by the people emerge.

6. The way forward:

Jhenaidah example is a unique one where the process is developed by the community network with very little assistance from community architects, local NGO and municipality. As there is no big organization behind them they are satisfied with little within their means and can convince other new communities to do the same by showing their achievement so far. They have the freedom to design social, financial and technical model by themselves and change it accordingly when needed. The freedom to develop their own lives is encouraging other communities of other cities to do the same. So the scale-up happens in a very organic way – from the centre of people's process. Moreover, this is very cost effective and humble, as there is no paid consultants to design and no outside contractors to implement and monitor. It is completely based on trust that community people can do it by themselves. They have been learning and solving problems by doing mistakes which should be recognized as fact of development too. Scaling up housing process is often seen as replicating the same everywhere by a central control, which is not a sustainable process. The difficulty for government and big organizations is that their system cannot trust that 100 different small processes in 100 different cities with 100 different local names can jointly be said as scaling-up of the process.

Cooperative policy and collective housing system should be revisited and given more importance to get a better social structure. For this the cooperatives must have easy access to government and non-government finances.

It is very crucial to make sure the National Housing Policy is implemented properly. For this the government needs to prioritize housing in the national development plan and make financial mechanism easy especially for low-income groups. 7th (2016-2020) and 8th (2020-2024) FYP (Five Year Plan) of government must support the national housing policy to realize SDG-11. It can be achieved better by supporting and giving more responsibilities to local governments.

Community-led process and participatory process is not just involving communities or asking them what they want. When communities' decisions can alter an organization's or donor agencies' decision- that is perhaps what community-led is. All projects must be part of a long-term development process and this should be understood easily by the low-income community people so that there is a continuity and connectivity of different projects. LICHSP of NHA, NUPRP of UNDP and UDP of BRAC and Jhenaidah housing process all

of these initiatives intend to address the urban low-income housing in a nationwide scale. Community people of different groups should have exchange visits to different projects so that they can continuously share and learn from each other.

Community architects' presence in all cities is crucial. Good design can bring dignity to people. Beauty is important too. Aesthetics in development and innovation in all aspects of the process and product can take people to another height of self-identity by respecting the local culture. People are poor, that does not mean that they cannot afford beautiful houses. Ownership of design their projects must remain in communities' hands. Even by 'naming' a project can make a big impact on better sense of ownership. Project names after any organization does not give people the sense of ownership and it lacks identities of diverse communities. Every city should name their projects differently according to their own choice and identity. Housing as model product must not be copied indiscriminately everywhere. Housing as a process must be ensured where social and collective energy will be enhanced with cultural, environmental and architectural identities of a place. Low-income community leads a better community living with minimum facilities; higher/middle income group has houses with facilities but does not have much sense of community living. Just ensuring housing for all will not be enough to reach SDG. It perhaps needs a well-balanced situation where both have equal parts – housing as shelter and community living.

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Voices from the Ground, Interview of Jhenaidah community leaders taken in person in November 2017 and interview of Gopalganj and Sirajganj community leaders taken over telephone in May 2018.

(TOM'S NOTES FROM AUGUST 2013 VISIT TO DHAKA)

NHA in Bangladesh: The National Housing Authority in Bangladesh was set up (under the Ministry of Housing and Public Works) to be the chief public-sector agency to solve the country's enormous housing problems - particularly the housing problems of the poor. But like NHAs in so many other Asian countries, the agency has become more like a real-estate developer: buying land, subdividing it and selling the plots or developing blocks of flats for sale, most of which are not affordable to the poor, only to "lower middle-income" groups. The NHA works all over the whole country, so the public sector housing development for the whole country is under one agency and one ministry - cities have no power and no budget to develop their own housing projects for the poor. The NHA has implemented only one slum housing project, in the Vashantek relocation colony in Dhaka (a project that was started by the Ministry of Land, and handed at some point to the NHA). Besides that one project, the NHA has not really touched the enormous problems of slums or urban poor housing in Bangladesh's cities. So this pilot slum upgrading project in 5 cities is an important breakthrough and an encouraging return to NHA's original mandate.

Housing and housing policies in China and the Chinese context: current status governance and finance

by Bingqin Li¹

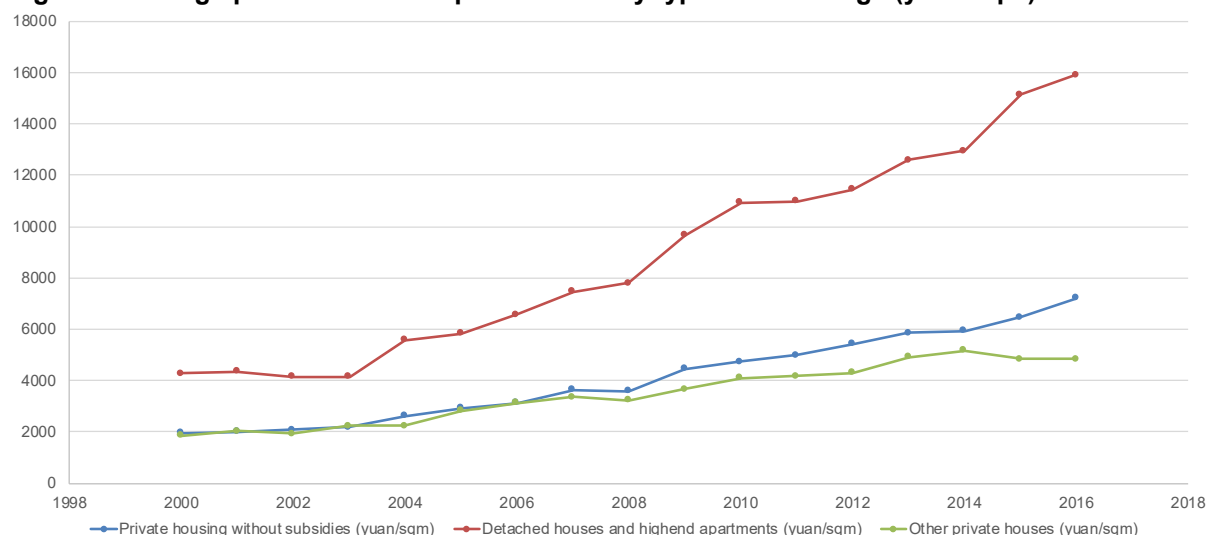
Introduction

Since the 1980s, housing has become one of the most critical public concern and field of reform in China, because housing used to be a welfare item in the Central Planning era which started in the early 1950s and ended in the 1970s. During this period, new housing supply was small, but the population grew from 400 million to 956.2 million. Not only people lived in over-crowding conditions, but the majority of the people also lived in dilapidated houses. As part of the transition from Central Planning to the market economy, housing reform played a pivotal role in facilitating the transformation of the labour market and the economy as a whole. At the same time, the increased housing supply became an essential means to improve living conditions. However, the path to improvement is not steady. New issues emerge as cities grow (Wu, 2015). In recent years, housing becomes financial assets subject to rampant speculation. The land for housing and housing construction also became the local governments' essential sources of revenues (Pan et al., 2015). These changes raised new challenges to housing affordability in China. In this report, the author tries to establish the logic behind China's housing affordability programs and the variations in local responses. In the following sections, we first discuss the overall challenges of housing in China and highlight the critical problems. We then explain the logic behind China's housing policies that try to address housing affordability issues. We will then examine how different cities in China react to the national policy guidelines, which will include the finance, governance and the local outcomes.

Housing affordability issues in China

One of the most challenging problems of urban housing in China is affordability. Housing Figure 1 shows that prices for owner-occupied houses have increased significantly since 2000. With the higher-end apartments increased by fourfold. The fact that higher end houses grew the fastest highlight the demand for better quality housing. Increased by four folds. Even the price of subsidised dwellings also more than doubled over time.

Figure 1 Average price owner-occupied houses by types of dwellings (yuan/sqm)



However, such a broad stroke data series can be misleading to picture China's housing affordability issues. Policies that try to address such problems at the national level may also cause problems locally. It is important to note that there are a large number of cities in China which vary significantly by various standards. Cities can be examined from top-down through administrative criteria or bottom up through market criteria:

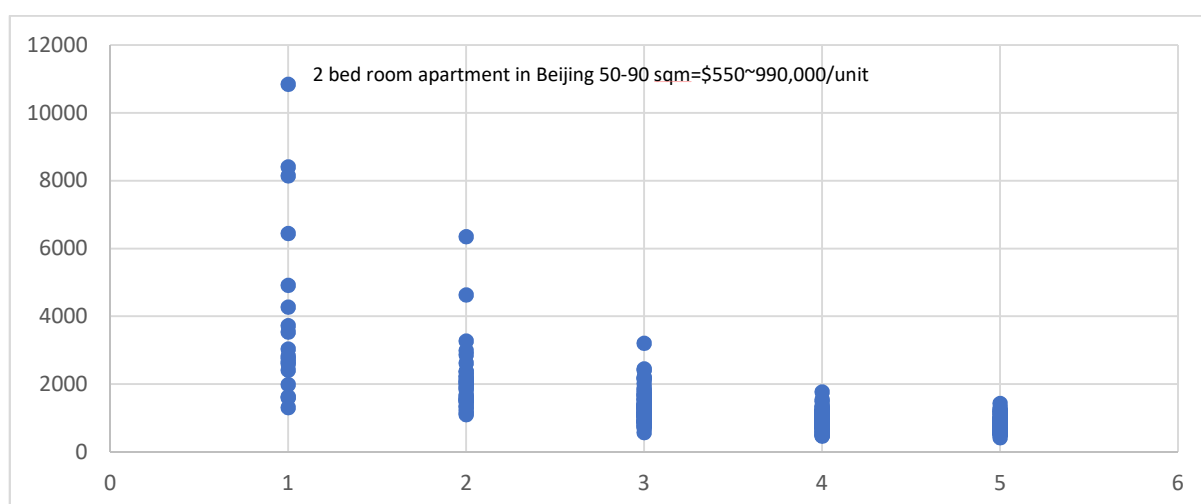
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1. Administratively, by the end of 2016, there were 657 cities in China, including four municipalities, 15 sub-provincial cities, 278 prefecture-level cities and 360 county-level cities. In cities above prefecture level, at the end of 2015, 121 cities have 1-3 million people living in the urban districts, and 13 cities with 3-5 million people. 13 cities have a population of 5 million+ people (Statistical Bureau of PRC, 2017).

2. Cities are often ranked according to a range of criteria, such as economic competitiveness, or attractiveness to investors. Private agencies are the main providers of the ranking services. They are considered to be an important exercise for cities that try to break through the ranks set by the administrative criteria and to some extent part of city branding.

The market ranking helps to show the relative position of each city in comparison to other cities and what they may aspire to become. Figure 2 shows the median house price for second-hand housing in 262 cities in 2017, compiled by the Housing Big Data Joint Laboratory and the Institute of Financial Strategy of the Chinese Academy of Social Sciences in 2018. When we sort the house price data according to the city ranking made by the First Finance and Economic News in 2017, we can see the distribution of medium prices of a second-hand two-bedroom apartment (50-90 square metres) in each tier of cities. We can see that on average, cities that are ranked better connected to the world economically (1st tier>2nd tier...>5th tier) have on average more expensive houses. The house prices are also more dispersed than other cities. 1st tier cities in the coastal areas, such as Beijing, Shanghai, Shenzhen and Guangzhou ranked the highest. 1st tier cities in the inland provinces, such as Chongqing, Changsha and Xi'an, and newly emerged 1st tier cities such as Dongguan have relatively lower prices.

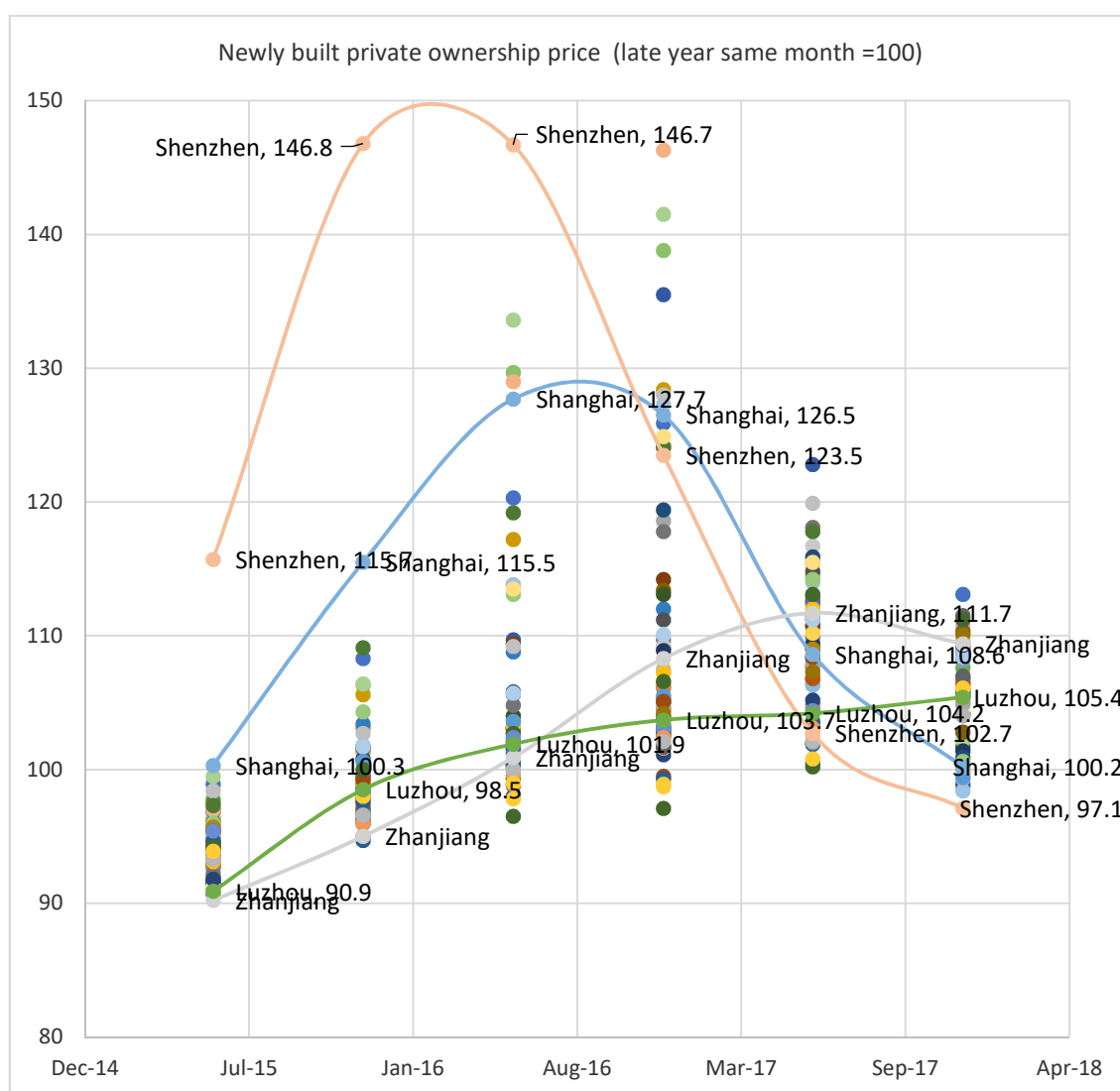
Figure 2. Medium house price, 2nd hand (1-5 tier cities, end of 2017) Price (US\$/sqm) (262 cities)



Data source: Housing Big Data Joint Laboratory, the Institute of Financial Strategy of the Chinese Academy of Social Sciences (2017), and First Finance and Economic News (2017).

If we examine the house price over time, Figure 3 shows the price changes of newly built privately owned houses in 36 cities in the country since 2015. We can see that the price growth in the most expensive cities in 2015 such as Shenzhen and Shanghai slowed down in the past year or so. At the same time, house price in in-land cities which were at the bottom of the price level increased faster since. It is important to note that the chart is about the price increase. Apart from the city of Shenzhen, all other big cities' actual house price continued to grow but at a slower pace. The S-shaped lines in Figure 3 also show that house price fluctuated in almost all 36 cities in the past four years.

Figure 3. House price changes over time in 36 cities



Source: Housing Big Data Joint Laboratory, the Institute of Financial Strategy of the Chinese Academy of Social Sciences (2017) "2017 China urban house price ranking", <http://www.zfzsj.org/report/shownews.php?lang=cn&id=50>

If we examine the average price level, according to Qiu (2018), in 2017, among the 35 major cities in the country, only six cities' average house price is < USD1600/sqm (~CNY10 thousand/sqm), reduced from 10 in 2016. In 2017, the contracted price of the newly built house is \$6921 (CNY43839). In more central location, the price can be as high as \$9600/sqm (~CNY 60 thousand/sqm). Internationally, house price-income ratio² is often used as a rough guide for housing affordability. On the whole, if the ratio is 5-7, the house price would be considered affordable to average households. Whereas in among all the provincial capital cities and the four metropolitan cities (Beijing, Shanghai, Tianjin and Chongqing) in China, the ratio is well above 7. Only Changsha is 6.67 (<7) (Xu, 2018). This is only about the medium price. The urban Centre is usually at least 2+ times more expensive.

Table 1. House price to income ratio in 35 main cities in China

2017 average price of newly built private property (P)	2017 urban household disposable income (I)	P/I 2017	P/I 2016	P/I change
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² House price-income ratio = total housing price/household disposable income = (average transaction price of new commercial housing × urban household average area) / (per capita disposable income of urban residents × urban household average population)

1	Shenzhen	57348	52938	39.6	40.4	0.78
2	Sanya	25877	33638	28.1	23.5	4.66
3	Shanghai	47865	62596	27.9	24.2	3.69
4	Beijing	43839	62406	25.7	21.3	4.35
5	Xiamen	34375	50019	25.1	24.2	0.94
6	Fuzhou	21636	40973	18.09	1.24	
7	Zhuhai	23056	47386	17.8	16.0	1.8
8	Haikou	13651	33320	14.9	11.7	3.29
9	Hangzhou	22987	56276	14.9	12.1	2.81
10	Shijiazhuang	13257	32929	13.74	13.04	1.7
11	Nanjing	21601	54538	14.5	13.8	0.65
12	Tianjin	15670	42949	13.35	13.2	0.09
13	Zhengzhou	12058	36050	12.2	11.1	1.08
14	Hefei	12666	37972	12.21	13.96	-1.75
15	Ningbo	18280	55656	12.0	10	2.02
16	Taiyuan	10287	31469	11.96	12.3	-0.42
17	Suzhou	18621	58806	11.59	12.6	-1.07
18	Wenzhou	16013	51866	11.3	12.03	-0.73
19	Guangzhou	16959	55400	11.2	12.1	-0.99
20	Xuzhou	8848	30987	10.4	9.05	1.4
21	Langfang	10500	37474	10.2	12.3	-2.13
22	Chongqing	8993	32193	10.2	8.65	1.57
23	Nanchang	10418	37492	10.1	10.1	0.04
24	Xian	10124	38536	9.62	7.33	2.29
25	Nantong	11108	42756	9.51	8.23	1.28

26	Kunming	10096	39788	9.29	7.94	1.35
27	Jinan	11713	46642	9.19	8.23	0.96
28	Chengdu	9697	38918	9.12	8.14	0.98
29	Qingdao	11067	47176	8.59	7.57	1.02
30	Wuhan	10031	43405	8.46	8.69	-0.23
31	Wuxi	11945	52659	8.3	7.09	1.21
32	Changzhou	11207	49955	8.21	5.97	2.24
33	Lanzhou	7138	32478	8.04	8.79	-0.75
34	Guiyang	6677	32186	7.59	7.09	0.5
35	Changsha	8559	46948	6.67	5.92	0.75

Source: Xu (2018).

What is often not counted in the statistics, but have been recognised by some researchers that the house price is calculated by square metres, which means each square metre would count. In the calculation of house prices in China, the "house area" includes both the space inside an apartment and the shared space in the building, i.e. total building area. The shared space may consist of corridor, stairs, utility rooms and storage space. Therefore, an apartment sold as 100 square metres may only have 60 square metres of space for actual areas inside the apartment. Usually, the higher the building, the larger the shared space as there will be extra space for garbage shafts, utility rooms, lift shafts:

- < 7 floors, the shared area is 7% and 12% of the total construction area;
- 7-11 stories, its shared space is 10% - 6% of the entire construction area;
- 12-33 floors, its shared area is 12% -24% of the total construction area

Apart from the shared space inside the building, public space such as communal gardens, public toilets, and public service spaces that would be within the boundary of the estate will all be added to the house price. Combining all the extras, it means that buying one square metre of housing space in China would have only 60 percent for actual living space (Zhao, 2017). In this sense, the actual living conditions of the urban residents in China would be less spacious than the official statistics would show.

Housing rights in China—national level

The term housing rights can have multiple meanings in Chinese: 1) rights to shelter (住房权利) and 2) tenure rights (房屋使用和所有者权益). There is no formal guarantee of rights to housing in China as there is no housing law to stipulate such rights. However, there are some laws and regulations to protect parts of the rights: "Real Estate Management Law," "Land Management Law," "Building Law," "Property Rights Law," "Construction Engineering Quality Regulations" and "Demolition Compensation Regulations". However, these laws can only be classified as part of the affordable housing policy system. There is no overarching legislation to guarantee fundamental right to shelter. Also, because the rules and regulations were treated as policy documents and changed frequently, they cannot be qualified as a strict legislation system (Tang, and Feng, 2017). An attempt to legislate housing security was initiated in 2008. However, protecting housing rights were not as straightforward, and the increasingly diverse forms of housing tenure and the rapid changes in housing protection system made the legislation particularly difficult to pin down. Until March 2018, a draft was finally completed, and it is submitted for the national government to discuss. Once passed,

the new legislation would be able to guarantee all residents would have a house to live in either through subsidised ownership or subsidised rent.

However, the lack of explicit legislation on housing rights does not mean that people do not enjoy any housing rights in China.

Earliest social housing in China

During the period of the Republic of China (1911-1948), the state recognised the right to housing. Slogans such as “Settled Living and Safe Employment” (anju leye), “Everyone Has A Room” (Juzhe You Qi Wu), “One Person One Bed”, and “Guaranteed physical health and pleasant life” were raised by the national government then. A large-scale housing rights movement (rent reduction) and Home Owners' Associations to protect ownership emerged. There were also housing charity sales by non-governmental. In some cities, such as Nanjing, Beijing and Xian, the small number of low rental housing was produced by either the national government or the military force.

Sacrificing home ownership to meet housing needs

During the Central Planning era (1953-1978), there was an improvement in the rights to shelter, but the ownership rights were invaded as a result. The State Council considered that it was necessary to build housing for urban employees without housing, and established a whole set of principles for funding, managing, allocating and reallocating houses. It was required that “the central government ministries, the People's Committees of provinces, autonomous regions, and municipalities should pay due attention to the investment in construction of houses when allocating construction, and spend part of the funding for urban employees who in need of housing annually. The accrued bonus funds could also be partly contributed to the construction of housing for employees.” This marked the beginning of the employee housing welfare system which provided publicly owned housing through means-tested in-kind allocation and low rental charges.

However, the housing welfare system turned out to be over-ambitious. According to the preliminary statistics, in 1949-1956, more than 81 million square meters of housing (building area) were constructed, and the total investment was CNY4.4 billion. In the first four years of the first five-year plan (1953-1957), 65.15 million square meters were constructed, and the investment was CNY364 billion, accounting for 9.3% of the total capital construction investment. Despite the increased supply, housing need was far from being satisfied. According to the National Bureau of Statistics, in September 1956, in the 99 cities across the country, the waiting list had 1.1 million, and another 1.4 million entered the list in 1956. If all the housing needs were to be satisfied, 44 percent of the total investment in construction in 1956 would be devoted to meeting housing needs (Zhang, 2013). If the state spent too much money on housing, the speed of industrialisation would be severely compromised. The state commanded homeowners to open up their houses and shared rooms with other families in need (Wang, 1995).

Housing marketisation reform—separating housing with employment

The reform of China's urban welfare housing system commenced in the early 1980s. Since then, a market-based housing system, including a variety of housing tenure forms³ Private ownership--such as commercially built and government subsidised purchase-- gradually became the dominant form of housing tenure in Chinese cities. By 2011 over 85 percent of the urban households nationwide owned residential property. Due to fast-rising housing prices, the rate of owner occupation was lower in large coastal cities, such as Shanghai (71 percent), Beijing (71 percent), and Shenzhen (76 percent), and higher in inland cities such as Urumqi (>90 percent) where housing was more affordable (Chinese Family Financial Investigation and Research Centre 2012).⁴ Meantime, a private rental market also re-emerged in the 1980s, becoming the most important source of housing for rural-to-urban migrant workers and new graduates (Chen et al. 2014).

Endnotes

³ The term tenure means the financial arrangements under which someone has the right to live in a house or apartment. The most frequent form is the tenancy, in which rent is paid to a landlord, and owner-occupancy in which the person owns the house for his/her own use.

⁴ These statistics did not include the migrant population who did not hold a local household registration.

By the early 1990s, China began to experiment with an individual savings fund system to aid home ownership, since the earlier reform aimed at privatising public housing had not worked. In 1991, Shanghai first introduced a Housing Provident Fund modelled on Singapore's Central Provident Fund, which is a compulsory savings scheme that allows savers to draw against a special housing account for the purpose of buying housing. In 1992, the practice was extended to more cities, including Beijing, Tianjin, Nanjing and Wuhan. The Fund functioned as a savings mechanism designed to help people purchase housing, whereby participation into the fund was made compulsory for all urban employees and their employers. Further, a subsidised rental system and a subsidised home buying system were also gradually set up in Chinese cities. In essence, as entitlement to the various forms of housing subsidies was designed to be means-tested, these measures functioned as new forms of social assistance (Gu et al. 2006).

Before 1998 the Chinese government provided housing to urban employees via its public work unit or *danwei* (单位) system, which included government agencies, public institutions, State-owned and large collective urban enterprises. This housing system was called the 'welfare housing system' (*fuli zhufang zhidu* 福利住房制度), and housing allocated through it was thus regarded as 'welfare housing' (*fulizhufang* 福利住房). From the late 1990s, however, urban employers were no longer obliged to allocate welfare housing to their employees, with the exception of some public-sector employees, such as civil servants and university staff members, who maintained that entitlement. This was nonetheless not the end of public housing support in China. A new social housing security system (*zhufang baozhang tixi* 住房保障体系), also referred to as the housing welfare system (*zhufang fuli tixi* 住房福利体系) was gradually established after 1998. The old public housing allocation system will be referred to here as the 'welfare housing system', while the new social housing protection system will be referred to as the 'housing welfare system'.

By 2005, the government's housing support system had two key elements: subsidised rental housing and subsidised private home ownership (Li 2013). Between 1999 and 2008, nationally, only 4.5 million apartments were built between 60-100 square meters as part of that Scheme.⁵ Further pressure was added as the private market was not yet able to catch up with housing demand, which was inflated by the Chinese government's strong limits on employer allocated housing. Despite its limited supply, China's housing reform gradually improved the housing conditions of the lowest income groups, and the links between forms of employment and housing allocation or housing benefits were finally severed. The introduction of subsidised ownership allowed more people to buy housing with government subsidies and the support of the HPF (Deng et al. 2011). The housing welfare system no longer favoured people according to their employment and political status, and instead introduced means-testing to assign housing entitlements more equitably.

Separating housing with household registration

Apart from being tied to one's work unit, housing--like other welfare entitlements--was linked to one's birthplace. The concept of welfare entitlement based on birthplace in China is associated with the Household Registration system (*hukou* 户口). Starting from the 1950s, only people holding an urban hukou were able to receive welfare benefits in cities. In essence, the hukou system functioned as a labour control device. Attaching welfare housing to one's hukou and work unit created barriers for people to move between jobs, between cities and between rural and urban areas (Yeung and Howes 2006). As explained in earlier sections, during the first two decades of the reform era, housing reforms were able to sever the link between urban employment (in regards to employment status, sector and form of employment) and entitlement to housing welfare, fostering greater flexibility in the urban labour market by allowing talent to move between jobs and cities. The hukou system, however, remained in place and continued to tie entitlement to housing welfare to one's birthplace. Throughout the 1980s and the 1990s, the hukou was actively used to prevent rural workers from entering cities for work. After China joined WTO, migrant workers were encouraged to move into cities. During 2003 -2014, a series of social policies were introduced to improve rural migrant workers' access to social insurances and welfare. However, housing assistance in large cities was not included in the round of reforms during this period.

⁵ The most used indicator is 'total square metres completed' in a given period of time. However, this data cannot reflect the actual housing supply as the house size can vary greatly. Therefore, in this paper, the author instead uses 'number of dwellings constructed'. Given that one household is only entitled to one home in the Economic and Comfortable Housing Scheme, the number of dwellings constructed roughly shows how many households actually benefited from this housing scheme.

Partly in response to these insights, in 2008 the Central government introduced a new form of subsidised public rental housing (*gongzufang* 公租房)⁶targeting low to lower-middle income groups, including migrant workers. One of the conditions for eligibility is for tenants to have continuing employment. This programme is separate from a low rent housing (*lian zufang* 廉租房) programme, which targets only those who are recipients of the Minimum Livelihood Guarantee (or *dibao* 低保). Low rent housing (*lian zufang* 廉租房) is meant to be built or bought by local governments in the private housing market (though new house cannot be brought under this scheme) and allocated directly to applicants. Rent levels are set at a very low level (Zhu 2013). In contrast, public rental housing (*gongzufang* 公租房) is built by private developers with government financial and land subsidies (Nie 2015). As stated before, the targeted tenants are low to lower-middle income groups, and in principle also migrant workers. The standard size of this public rental housing is limited, and apartments are only equipped with basic standard facilities. Many cities have capped the floor size at 13 square meters per person, and the total space to a maximum of 50 square metres. Overall, the two schemes aim to ensure this type of housing targets the genuinely low-income households.

Table 2. Types of subsidised housing in China

Low rental housing (<i>lian zu fang</i>)	Owned by the government, institutional landlords and rented to low-income households at low rents
Public rental housing (<i>gong zu fang</i>)	Government or institutional landlords provided rental housing with subsidies. The rent is a percentage of the market rate. Subsidies are provided by the government
Economic and comfortable housing (<i>jing ji shi yong fang</i>)	Subsidised owner occupying houses
Double controlled commercial housing (<i>liang xian fang</i>)	Commercial housing with size and price capped by the government
Anju Commercial housing	Subsidised ownership under the National Anju Project
Purpose built resettlement housing	Resettlement housing for people whose houses are demolished as a result of urban construction

It is reported that in the draft of the new Housing Security Law, the constraints of household registration will be further reduced and it will be easier for rural to urban migrants to gain access to subsidised urban housing in cities. One of the problems as raised by academics in legal studies, i.e. Tang and Feng (2017), is that the policies related to housing and housing protection are often very vague and contain languages such as "encouragement", "promotion" which are not following a rights approach towards housing security. On the other hand, given the vast population and varied local circumstances of the country, it is very difficult at the central level to come up with a detailed prescription of housing policies. The experience with reforms in various social policy fields so far shows that the attempt to universalise welfare or social protection at the national level often resulted in none enforceable policies in some parts of the country. As a result, most social policies are guidelines at the national level and subject to be operationalised locally. As a result, one cannot expect the Housing Security Law in the making to be very detailed as well. It may set some principles and limits to set the bottom lines. As a result, even with the new housing legislation, it is still important to follow how local governments react.

Central-local relations in housing policymaking in China

In principle, housing policies are made centrally in China. The policy-making bodies include the Central Government and its functional departments: the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Construction, Ministry of Finance, Ministry of Land and Resources, the Nation Administration of Taxation, People's Bank (the central bank of China), the Ministry of Public Security. Among them, the Ministry of Housing and Urban-Rural Development, the Ministry of Finance, and The Ministry of Land and Resources. These government departments are the core body of policy formulation for affordable housing. The Ministry of Housing and Urban-Rural Development is a specialised department responsible for housing protection. It is in charge of carrying on the housing system reform, regulating the

⁶ Earlier literature refers public rental housing as *lian zufang* (廉租房); this was because *gong zufang* (公租房) did not exist. The term *gong* (公) in Chinese means 'public', while *lian* (廉) means 'cheap',

real estate market order, supervising the real estate market and the ensuring the housing of low-income families in urban areas. Regarding affordable housing, the Ministry of Finance makes policies on housing finance. The Ministry of Land and Resources will make land policies. These three departments negotiate with each other to determine the housing, banking and land supply of affordable houses. Without substantial financial and land support, it is very difficult for housing policies to be delivered.

Locally, the governments and the corresponding functional departments, such as the Bureau of Land and Resources, Municipal Construction Commission, Planning Bureaus. These are core policy makers at the local level. The local government operationalise the central policies to fit into local circumstances and implement the policies. Similar to the relationship between central government departments, local housing policies made by the departments on housing construction and planning are also subject to local governments land and financial support. Table 3 uses local rental housing as an example to show the different conditions published by city governments. What we can see is that the requirements are very different from each other.

Table 3. Low Rental Housing Entry Requirements by City (2018)

		Shanghai		Shenzhen	Beijing	Chongqing
		3 and 3+ households	<3 or poverty because of illness			
Age				18+		
Household registration		Shanghai ≥3 yrs; housing district ≥1 yr	Shanghai ≥3 yrs; housing district ≥1 yr	Shenzhen	Beijing	Chongqing
Current housing conditions		≤7sq. m. per capita Difficulties not caused by selling or transfer properties to others within 5 years	≤7sq. m. per capita Difficulties not caused by selling or transfer properties to others within 5 years	Do not own houses and not receiving other forms of housing benefits	≤7sq. m. per capita Difficulties not caused by selling or transfer properties to others within 5 years	6 sq. m. per capita 3+ HH ≤7sq. m. per capita
Entry requirement	Household income (monthly per capita, yuan)	≤3300	≤3630	People receiving minimum income guarantee (≤920)	≤580	People receiving minimum income guarantee for more than six months
	Household income				Single person household annual ≤6960 Two people household annual ≤13920	Single person household annual ≤25000 2+ HH annual ≤40,000
	Household wealth (per capita, yuan)	≤120,000	≤132,000		1 person HH≤150,000 2 person HH≤230,000	

					3 person HH≤300,000	
					4 person HH≤ 400,000	
Threshold for subsidies	Basic subsidies	≤2000	≤2200			
	70% of basic subsidies	2000-2800	2200-2080			
	40% of basic subsidies	2800-3300	3080-3630			
Level of subsidies		15 sq. m/ person	15 sq. m/ person	15 sq. m/ person, max 50 sq. m.		

Note:

1. Basic subsidies in Shanghai are set according to location.

Source: Local government websites

Central-local relations in housing finance

An interesting phenomenon in the Chinese housing system is that despite the relatively clear housing policy-making responsibilities, for many years, there is no clear division of financing responsibilities between central and local governments on the actual supply of affordable housing. In most cases, the central government makes the policy or express its policy stance and just wait for the local governments to come up with resources to deliver.

As there are many different forms of housing subsidies either in kind or in cash, it is very difficult to tell exactly how much each level governments have spent on social housing. It is particularly difficult to calculate when the land can be a form of subsidies and the local governments set the land price. Therefore, it is very difficult to tell exactly how much money has been devoted to the construction and subsidies of all different types of affordable housing. However, some government auditing data on some affordable housing schemes may help us to get a rough idea about the financial arrangements between the central and local governments.

Central + Local	2015 spending (CNY)	2015 spending (USD)	% of total spending	Increase from 2014 %
Housing protection projects	488.1^a	766	0.96	11.3
Total spending	535.3^b	84.0	0.79	
• Regeneration of shanty towns	158.2	24.8	0.23	46.8
• Public and low rental housing	144.2	22.7	0.21	-13.2
• Renovation of rural dilapidated housing	52.8	8.3	0.08	40.6

• Subsidies for affordable housing	52.5	0.8	0.01	3	
• Others	127.6	20.0	0.19	4.6	
Central	Central government spending by area (CNY)	Central government spending by area (USD)		Central government spending by projects (CNY)	Central government spending by projects (USD)
Housing protection projects	254.8	40.0	Housing regeneration and supporting infrastructures	146.4	22.98
• Urban	217.9	34.2	Centrally owned state enterprise housing regeneration	2.07	0.32
• Rural	36.8	5.8			
Local	Local public finance spending				
Housing protection projects)	233.3	36.6			

Note:

Data Source: Ministry of Finance of the PRC,

http://zhs.mof.gov.cn/zhengwuxinxi/gongzuodongtai/201603/t20160303_1860922.html

City and urban district governments in the housing sector in China

The Chinese governments have multiple layers: Central, provincial, prefecture, city/county, district. Each layer of the government has different responsibilities. As housing is highly localised, local governments above the city level are mainly echoing central government policies and the actual implementation will fall on the shoulder of city and district governments. The role of city and district governments has several perspectives:

1. City governments control land supply in cities. In most cities, district government also have control over land supply. The national plan sets the overall land quota for construction, but local governments manage the stocks of land and decide how much land is leased each year for what types of houses. They also determine the rent/price level of subsidised houses.

2. Local governments set housing regulations, e.g. home ownership, promotion or speculation restraint policies, subsidies for home buying and rentals.

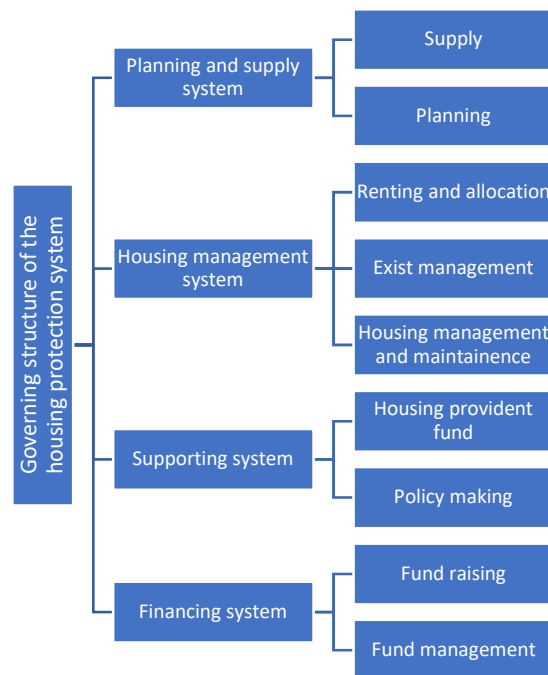
3. Local governments formulate demolition policies.

4. Local governments also determine the time and space for new estate development.

5. City government can have the guidance of local real estate development, e.g. set the proportion of subsidised housing as part of the commercial housing in an estate development.

Some of these tasks such as land supply and pricing are delegated to district governments, depending on the sources of housing. Sometimes city and district governments work together. The power relationship between the two layers can vary by cities.

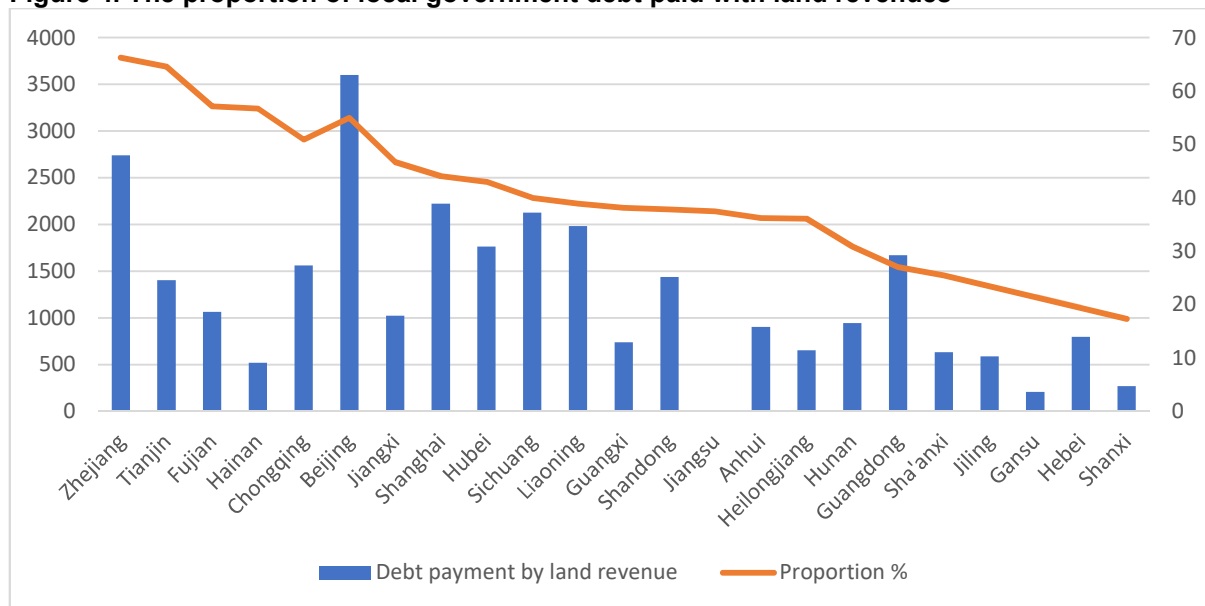
Regarding the governance of housing policy implementation, four subsystems contribute to the system at the local level.



Despite the Central Government's expressed intention to improve housing conditions for the people, the establishment of an affordable housing system would depend on local governments' planning, financing and governing abilities. After all, the local government's willingness is crucial in realising any housing policy that the higher authorities have introduced. However, the local governments' willingness to provide affordable housing is related to the incentives that the local governments are facing in different domains of the economy and the society. Therefore, understanding the positioning of welfare housing in the economic, social and political realms in China would help to understand the motivation of local governments.

- In the authoritarian government hierarchy, where local government officials report to the higher-level authorities, housing policy would subject to what is prioritised in the government official's performance evaluation (Li & Zhou, 2005; Zhou, 2007) and what may bring in more local revenues. Since the economic reform, local government officials were more likely to get promoted according to their economic performances, such as GDP. Such a priority can affect the behaviour of local governments in housing policies. Throughout the housing reform from 1970s-early 2000s, welfare housing was presented as "burdens" to enterprises and local governments. The marketisation reform was to relieve the burdens to allow enterprises, in particular, the state-owned or collectively owned enterprises to compete in the market. Private ownership can inject resources into the market and boost the local economy. To encourage home ownership, both central and local governments have stopped to be housing providers (only played a very limited role to maintain existing housing stocks) and minimised housing subsidies (Chen et al., 2011).
- Real estate development was identified to achieve high economic growth at the turn of the century. To this day, the real estate sector contributed significantly to the local government budgetary income. When the housing market is booming, and the sales of commercial housing grow fast, the growth rate of fiscal revenue will follow within a couple of months. When the sales decline, it will also affect the fiscal revenues. Such a relationship also influenced the behaviour of the regulators. When the housing market is cooling down, they will take actions to stimulate the property market to speed up the sales of commercial housing for rapid financial replenishment. This is also why in 2016, the government decided to boost the housing market. The idea was to sell off the existing housing stock to reduce local government debts. In 2016, 14 provinces and municipalities' land sales were more than 30% of the total revenue, of which six provinces and municipalities accounted for more than 50% of land transfer fees. In the prefecture-level cities, 169 prefecture-level cities where government-funds accounted for more than 50% of public finance revenues. 44 out of the 169 prefecture-level cities' government-funds accounted for more than 100% of public finance revenues (21st Century Economic Report, 2017). As the primary source of government-funds was land lease revenues, Figure 4 shows that even in smaller cities land revenues were crucial to local governments' debt repayment, which would, in turn, affect the house prices.

Figure 4. The proportion of local government debt paid with land revenues



- As the economy becomes more prosperous, there is also a higher demand for better social services. The central government was keen to connect the tracks (jie gui) with the international society both economically and achieve social development (Zheng, 2013). More and more new social roles were reassumed by the state and are expected to be taken up by the local government (e.g. education, social protection, community service provision and infrastructure investment). However, responsibilities did not come with corresponding funds. Such uneven distribution of revenue and responsibilities forced local governments to look for new ways to find money to deliver services. At the same time, housing was not recognised as a statutory right. The local governments have all the incentives to reduce land supply and funds to public housing projects and focus on supporting items that are legally binding and growth driven (Zou, 2014).

Despite these considerations, if housing provision or subsidies are considered to be beneficial to achieving the economic goals, local governments would be interested in providing. This has been best exemplified in the policy toward the migrant population and the implementation of providing social housing.

Local development agenda and housing provision to migrants

In contrast to the situation in large cities, local governments in small cities were keen to urbanise farmers. This change reflected the national strategy for labour mobility control: to use smaller--or medium-sized cities as reservoirs to control rural migration and the expansion of large cities (Wang and Zuo 1999). As a result, it has become easier for migrants in small cities to receive an urban hukou and in turn to access public housing welfare. As there was no national-level government policy change on granting local hukous, local governments have themselves devised initiatives. For example, the city of Changsha in Hunan Province and Hangzhou in Zhejiang Province introduced a points system by which a person has to work and live in the city and contribute to the social insurance schemes for a certain number of years before qualifying for permanent residency (Wang 2004). In 2003 Shanghai also introduced a town equivalence scheme (*zhenbao* 镇保) that aimed to integrate farmers from Shanghai suburban districts and counties, who had lost their land due to urban expansion, into the urban social insurance schemes (Xu et al. 2011). Contribution and entitlement levels in these social insurances, however, were set at a lower level than those of other urban citizens of Shanghai Municipality. Other municipalities and cities across China also introduced similar systems, which were later extended to all rural-to-urban migrant workers, including those from beyond their administrative boundaries. However, yet again, none of these local variations covered housing.

The problem faced by rural to urban migrants in the housing sector, even those under new hukou arrangements, was straightforward: they were not entitled to any form of housing welfare. Even workers living in employer-provided accommodation became homeless as soon as they were laid-off. Workers whose employers did not provide accommodations or who were self-employed resided with friends and relatives, built temporary accommodations in abandoned sites, rented dilapidated housing in inner cities and

in 'villages in cities' (*chengzhongcun* 城中村)⁷, or lived in peri-urban accommodation provided by suburban farmers. Their housing conditions were usually very poor (Wu 2002, 2004; Li and Duda 2010). Migrant tenants were considered to be troublesome by urban residents, especially when they crowded into shared properties in urban residential neighbourhoods. Neighbours accused them of not engaging with local residents and of not respecting local rules. This was coupled with their high level of mobility, which was seen as a threat to neighbourhood safety (Yingli 2011). To respond to these public complaints, some local governments (including some communities in Shanghai) banned group renting; making it even more difficult for migrants to find housing and settle down more permanently in urban residential neighbourhoods (Li 2013).

Another group of urban dwellers who also found itself facing housing constraints was that of university graduates. From the start of the reform era to the turn of the 21st century, university graduates had been regarded as highly qualified talent, and they could legally work in a city once they found an employer willing to sponsor them. With the help of their employers, they could receive a local hukou once all administrative requirements were satisfied. However, from the early 2000s, the number of university graduates increased dramatically as a result of the expansion of access to higher education. At the same time, employers began to put more value on work experience when hiring (Bai 2006), which meant they were increasingly less willing to sponsor new graduates. Unemployment among university graduates started to become a growing social problem in urban China (Bai 2006). Many new graduates, particularly those based in large cities such as Beijing, Shanghai, Guangzhou and Shenzhen, usually remained in these cities in the hope of finding a sponsor. Being unemployed or facing a precarious employment situation, these graduates became part of the so-called 'floating' population, to which rural migrant workers were said to belong (Giles et al. 2005). As such, they also did not have access to urban welfare benefits—including housing—and thus also had to live in overcrowded conditions in peri-urban slums or shared apartments in urban residential neighbourhoods (Cook et al. 2013; see also Suda's chapter in this Handbook).

Local government responses to migration

After 2003, the Detention and Eviction Stations (*shourong qiansongzhan* 收容遣送站) were converted into Social Assistance Centres (*shehui jiuzhu zhongxin* 社会救助中心). Migrant workers without accommodation who registered at these Centres were meant to be accommodated, provided with food and bathing facilities. If they wanted to return to hometown but did not have the means, these Centres were to provide them with a free train ticket to do so. Local governments fund these temporary shelters through the local branches of the Ministry of Civil Affairs and thus constitute a new form of social assistance. Various housing programmes have also been put in place by local urban governments to provide more stable accommodation for rural migrant workers. In the early 2000s, for example, Tianjin Seaport and the city of Changsha provided heavily subsidised dormitories for migrant workers. These dormitories, however, were built in peri-urban areas, which made them inconvenient for migrant workers due to the long commute to work. The dormitories were also not designed for family living, which discouraged migrants from bringing their family members along. As usage of these dormitories proved low, local governments became less enthusiastic about directly providing housing to migrants (Li and Zhang 2011).

In other cities, such as in Hangzhou, Shijiazhuang, Chongqing, and Qingdao, various forms of state-employer partnerships were established to build and manage dormitories targeting low-income migrant workers. In such arrangements, employers either refer workers to private estate management companies hired by the state to manage this type of housing, or else employers directly rent housing estates and assume responsibility for allocating accommodation and for building maintenance (Bray 2006). Services—such as cleaning and maintaining public and indoor spaces, facilities and dormitories, canteen catering, social events, and so on—are either provided by employers or by a self-governing body of migrant workers (Ying 2000). These public-private partnerships reduced the government's administrative burden of direct allocation and management of housing for migrant workers and created a range of efficiencies for both employers and local governments. For employers, having their workers living in the one place allowed for better employee management, including arranging group commuting between these dormitories and the workplace, dining facilities and social events. Similarly, when a dormitory compound is built for an entire industrial park, local governments could then organise public transport accordingly. Employers and local

⁷ Villages in cities are rural villages turned into enclaves as the peri-urban villages became urbanised. Since 'villages in cities' are convenient for urban commuting, local villagers often become landlords for migrant workers.

governments consider these practices to be good for building worker solidarity, cultivating enterprise culture and improving the efficiency of enterprise operations (Li and Zhang 2011; Cooke and He 2010).

The counter-argument is that these dormitories are part of an exploitative labour regime that aims to discipline and control labour (Chan and Zhu 2003). More broadly, dormitory regimes in China have been found to be exploitative and a sign of local governments standing on the side of capital to achieve more significant market share for the companies involved (Ngai and Chan 2012; Cheng et al. 2011). On the whole, these work-based dormitories are designed to meet the needs of employers, not workers. However, in the author's research, we found that when properly managed, this type of housing is not only beneficial to the State and employers but also has benefits for employees. This is because the quality of the accommodation offered by employers (except for those in the construction sector) is usually better than the private rental properties available to rural migrant workers; for example, they have reliable electricity and water supply. This type of housing is also particularly useful for new migrant workers who are not familiar with their urban environment. What we also observed is that not all employers were skilful and knowledgeable dormitory managers, for example, they might prioritise labour control to community building in dormitories, which can be damaging to labour morale in the longer term (Li and Zhang 2011). The state has to play a more active role in guiding, regulating and monitoring the behaviour of employers. Furthermore, such work-based housing can only cover workers during the period they are employed. Local governments thus have to keep in mind that it is not possible to rely on such work-based housing as the ultimate solution to the housing needs of rural migrant workers.

Local governments receive Central government subsidies to finance the development of public rental housing and are required to devote all capital gains and at least ten percent of local land revenues to its construction. The Central government's target was for urban housing welfare to benefit 6.6 percent of urban households by the end of 2015. Of that 6.6 percent, 62.7 percent was expected to live in public rental housing (Xinhuanet 02 June 2009). The target changed over time in line with housing market conditions. By 2010, the percentage of people benefiting from some housing welfare had already reached seven percent of the urban population (Han and Zhou, 2015). However, rapidly rising housing prices also resulted in a growing number of people needing support to purchase housing. The official target number of people covered by at least one type of housing subsidy was also raised to 20 percent of the total urban population by the end of the 12th Five Year Plan Period (2011-2015) (Casey and Koleski 2011). By the end of 2015, 36 million subsidised homes were to be constructed. For the 13th Five Year Plan (2016-2020), the targeted share of people receiving housing welfare subsidies was set to reach 35 percent by 2020 (Hu 2016).

Although the Central government had stipulated in 2010 that all migrants should have access to public rental housing, in practice this has been subject to local government discretion. Often only those moving within their home province are eligible, while those from other provinces are excluded from this type of housing. The integration of migrants across the country requires agreement between provinces, something very difficult to achieve without Central government permission and coordination (Shi 2012). In 2015, attempts to facilitate inter-provincial welfare benefit transferability were only trialled with subsidised home-buying.⁸

On the whole, local governments have responded differently to the stipulation to allow migrant workers--particularly those from outside the provincial borders--to have access to local public housing schemes. The different responses are closely related to the stage of economic development of each province, and to the structure and strength of the local economies (Li, Chen and Hu, 2016). Starting in 2005 the economic growth centre in China shifted from the east to the west and then to the central provinces (He and Wang 2012). At the same time, the more developed coastal areas began to upgrade their economies toward more service oriented or higher value-added enterprises (Wei and Liefner 2012). Low-end skilled manufacturing mostly moved inland. Contrasting economic strategies led to contrasting attitudes toward public housing. In cities like Shanghai, Guangzhou and Shenzhen, rural to urban migrant workers had no access to public rental housing, which was usually reserved for young white-collar migrant workers, who were more likely to hold an urban hukou already. However, in the western cities of Chengdu, Chongqing and Guiyang, public rental housing was open to rural migrants, though only to those from within the same

⁸ By 2015 four cities, Wuhan, Changsha, Hefei and Nanchang, had started to explore the possibility of allowing people to buy houses using an HPF accumulated in a different province. The benefits would only be transferrable between these four cities. It may still take years to achieve a higher degree of integration, even if the experiments in these four cities turn out to be successful (Zhou 2015).

province (Shen 2015), thus demonstrating the continued link between housing welfare entitlements and place of birth.

In mid-2014, the hukou system was finally reformed to eliminate the differential treatment between rural and urban populations. A single national Resident Registration (*jumin hukou* 居民户口) system was established. This system provides individuals with an identity card, which does not categorise people by place of birth, and hence allows for all permanent residents—in principle, including rural migrant workers—in any particular place to enjoy equal access to social insurances and welfare. Permanent residency in urban areas, however, is still determined by local governments, which in turn allows them to continue to exercise discretion in specifying the details of entitlement. For example, cities have used the length of residency and duration of stable employment as a way to favour those migrants deemed desirable to become local residents and to exclude non-resident permit holders (Zhou 2014). Again, Shanghai and Beijing made it particularly difficult for rural migrants to settle down permanently. For example, both cities introduced an age requirement for migrants seeking permanent residence in these cities (younger than 45 in Beijing; five points for people aged 50-60 and two more points for each year younger in Shanghai) (*China Economic Weekly* 22 Dec. 2015). Meanwhile, medium-sized cities introduced policies to favour certain kinds of skilled migrants and actively exclude low skilled workers (Li 2015). Paradoxically, by granting this discretionary power to local governments, the new hukou system has helped legitimise some of the local exclusionary practices that earlier would have been considered to contravene existing national policies.

Since 2015, in major cities, housing has been actively used in mega-cities such as Beijing, Shanghai and Shenzhen to drive away "low-end" migrants to satisfy the goal of economic upgrading. Many houses in the cities were labelled as informal housing or unsafe housing. At the peak, Beijing started to drive out migrant workers living in peri-urban areas which caused a serious public outcry in China and internationally.

Box. 1. Daxing eviction

On 18 November 2017, a deadly fire broke out in the peri-urban township of Xihongmen on the outskirts of Beijing, claiming the lives of 11 adults and eight children. Two days later, the Beijing municipal government initiated a massive clearing in the name of safety. They targeted not only informal residential buildings, but also small businesses, including restaurants, workshops, factories, warehouses, and wholesale markets.

Nor did they stop at Xihongmen, with other peri-urban villages and townships also targeted. Thousands were evicted in days. In some places, the evicted were given notice of fewer than 72 hours. Buildings that were considered informal or illegal constructions had their electricity and water supply cut. On 24 November, over 100 scholars, lawyers and artists signed a petition to the Central Government to call for a stop to such inhumane actions. Five days later, 14 officials including the Mayors of Daxing and Xihongmen were fired.

The fire was the trigger, but the bigger picture is Beijing's industrial upgrading and urbanisation plans. In February 2014, the top leaders in China decided that Beijing should "adhere to and strengthen the core functions of the Capital as a national political centre, cultural centre, international exchange centre and science and technology innovation centre, thoroughly implement the strategies of Humanistic Beijing, and Technology Beijing and Green Beijing and strive to build Beijing into a world-class harmonious and liveable city."

The Beijing authorities took this as a signal to develop 'high end' industries and eliminate 'low end' ones. From 2013, Beijing gradually started to clear businesses that were considered 'low end'.

Between 2013 and 2016, 1,341 general-purpose manufacturing and polluting enterprises were shut down, with a further 500 were targeted for 2017. From January to August this year, 38.34 million square metres of illegal buildings were demolished, and more than 25,000 hole-in-the-wall shops were shut.

In October, the Beijing Government further proposed the idea of "peeling the cabbage" – to focus on improving the core.

Controlling the city's burgeoning population is a priority in the current Beijing City Master Plan. The target for 2020 is to keep the total population of Beijing under 23 million. Given that Beijing already has 22 million long-term residents and people are still trying to move in, achieving this target requires significant levels of deportation.

Migrants to the megacity compete for a limited supply of resources (such as water) and public services (including education and transport), and long-term residents resent this competition. In an attempt to deal with this, Beijing introduced a point system, allotting permanent resident status to a limited number of migrants, and granting Beijing Household Registration to an even smaller fraction, while rejecting the majority.

Removing people is not easy. To encourage implementation, each district received a quota of the number of people to be evicted, and these quotas were further broken down to the neighbourhood and community level.

Local authorities were held accountable to the municipal government for the implementation of the quota. Some responded cynically, with stories of street vendors being persuaded to move to the other side of the road as that belonged to another neighbourhood.

Beijing's residents believe that the city is getting less liveable. As such, clearing out the "low end" population and businesses in peri-urban areas received significant support, including from migrants who came earlier and are now settled.

However, these migrants and their businesses came to Beijing for a reason. They thrived in the city as a result of market demand for their products and services.

The recent fire put pressure on local authorities to take stronger action. However, it was the action that had severe consequences and brought unwanted international attention to China.

After all, forcibly evicting thousands of people into the cold of winter can only undermine the image of a "people-centred" government that China is trying so hard to promote and maintain.

So what could Beijing's government have done differently, and how should it tackle these problems in the future? Policymakers need to come to terms with the fact that eviction is a temporary solution at best. It is often the cause of social tensions rather than a solution to them. Once political trust is lost, it is difficult to restore.

Eviction is rarely likely to be the best solution, but if it is necessary, it should be exercised with great caution, and support should be offered to the people whose livelihoods are affected. The safety concerns flagged by this disaster should be addressed systematically on an ongoing basis. It is too late to try and deal with it after an accident happens.

Some of Beijing's local authorities have complained that they cannot cope with such a massive inflow of migrants. However, as has been proven in many cities in China and other parts of the world, community self-governance can take the pressure off the government. For example, fire prevention measures can be increased through community-organised inspections.

Ultimately, inequality is the driving force behind migration into Beijing. To stop the flow of migrants, more deprived areas will need to develop as well. Fortunately, development is happening, but it will take time for people to react to the changes.

Source: Li, Bingqin, 2017, The eviction of Daxing-Tensions and trouble in burgeoning Beijing
<https://www.policyforum.net/the-eviction-of-daxing/>

Local housing protection policy implementation

On paper, the housing protection system looks good. It provides multiple layers of housing protection for people from different income groups. When people's income grows, they would be able to continue enjoying housing support as they graduate from renting to owning. In theory, a significant proportion of the population should be able to receive one form or another type of protection.

However, in practice, as discussed earlier, local governments want to maximise their revenues which are largely dependent on housing sales and land lease. As pointed out in Tan & Lou (2012) in addition to the local policy makers and implementers, for-profit organisations such as banks, real estate speculators, property management companies, construction and building material suppliers, real estate agencies, and foreign-funded institutions all played active parts in the implementation of affordable housing policies. Commercial banks provide loans for real estate developers. The huge loans supported real estate development. Real estate speculators hoarded properties to push up the housing price. Property management companies were often part of the real estate developers and charged high service fees to make more money out of the residents. Construction companies and companies that supply building materials benefited from the prosperous construction industry and housing market. Real estate agents also profited from active market trading. Along with this network of interests, affordable housing is often not delivered. In the face of substantial economic benefits, such a network of businesses tries to avoid administrative orders and supervision of the central policy makers. The local government departments were often on the side of the business interests as the latter could bring in cash flow for the local government. The local governments allied with businesses to sell and speculate and for monetary and business gains, focusing on high-end residential buildings for construction and ignore the low-cost housing market. Local governments also implemented the affordable housing policies in a very flexible manner and often delayed implementation or altered policies. As a result, the implementation of affordable housing policies was hijacked for further pushing up real estate prices and prompts the producer network to become the core network affecting the implementation process of affordable housing policies.

With such a motivation structure, the housing outcomes were not optimistic. Take Beijing as an example, in 2007, Beijing had 13.8 million urban population. By the end of November 2007, 217,000 families in Beijing benefited from low-cost housing or affordable housing policies. Suppose there were 2.65 people per household, the housing protection policy in Beijing helped 4.2% of the population only. According to data released by the National People's Congress Research Team in October 2009, the national funding for affordable housing construction was only 25% of the targeted amount. The data obtained is that in 2009 the targeted number of completion of low rental housing was 1.77 million units, but only 650,000 units were built. In 2010, the 5.8 million units of affordable housing construction target were completed. Another 10 million units of affordable housing were planned for 2011, and only 30% were built before May. Since late June 2011, local governments started to show off their performance. In Liaoning and Shanxi, approximately 90% of the houses began to be constructed. In Shaanxi Province, the total number of projects started was 101.1% of the target number of projects. However, observers remained to be suspicious of the data (Tan and Lou, 2012).

Since 2012, there were major changes in the affordable housing construction. The government decided not to use economic growth as the only indicators for evaluating the performance of local government officials. The completion rate of affordable housing became part of the performance evaluation. However, this generated another problem. According to the data published by the Auditing Office, around 128,700 public housing units were not occupied because of poor infrastructure access and another 272,400 units were left unoccupied because the houses were built too far away. The reason was the local officials were keen to deliver the quantitative results, but not trying to consider people's needs. Their focus was on finishing more units to meet the targets. However, little considerations were given to what people want. Also, the best locations are reserved for more expensive houses (China Economic Net, 2017).

Conclusion

After more than 30 years of reform, China has developed a multi-layered affordable housing system that offers subsidised rental housing and homeownership to the urban unemployed and lower and middle-income groups. Housing welfare reforms have successfully reduced the housing poverty inherited from the pre-reform Central Planning System.

However, housing affordability problems have emerged as a result of rising market house prices. The housing welfare system aims to benefit a significant proportion of the population through subsidised rental and home ownership, to serve as a safety-net for urban residents at different income levels.

As discussed in this report, housing affordability issue has deteriorated over time which has much to do with the local governments' unwillingness to implement affordable housing policies.

The reform since 2012 changed the incentives of the local officials by making affordable housing construction an evaluated item in the local government officials' performance. However, the results are still not satisfactory. Housing affordability is not improved, but at the same time, public housing vacancy becomes an emerging issue. Such outcomes show that there is further needs to strengthen the regulation and governance of affordable housing supply. So far, local governments still focus on what the central government assess and what may help them to maximise the local interests.

The experience of the affordable housing in China shows that the future of affordable housing will lie in the growing interaction between the housing suppliers and the people. So far, in the equation of the local governments, affordable housing is still a centrally decided task that needs to be completed without costing other businesses, i.e. the higher end of the housing markets which will bring in revenues and serve the interests of the whole circle of production alliance. People's need for affordable housing was rarely a crucial part of the equation, albeit when "people" becomes an equivalence to "desired labour", the motivation would be different.

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1.0 Introduction

The Sustainable Development Goals (SDGs) 2030 and New Urban Agenda (NUA) adopted in 2016 target access to adequate, safe and affordable housing and basic services to all. India has a history of promoting affordable housing yet the limited resources and capacities of local governments are reflected in actual implementation: in the last 10 years, only about 1 million houses were built of which 15% still lie vacant.¹ It is estimated that 19 million units are needed to fill the housing gap even as 11.09 million units remain vacant, indicating severe distortions in the housing market. Most affordable housing options are thus created by people themselves, incrementally and informally. Since 2015, India has adopted new reforms under the Housing for All by 2022 mission, to incentivise the private sector and strengthen local governance. Yet, an overwhelming number of people who are homeless or living in slums (65 million) still remain vulnerable to evictions and cannot access formal housing even as India remains one of the few countries that has not legally instituted the right to housing. A working housing sector in India will thus need to address a deepening socio-economic gap and the inherent inequities of housing development. It will require people to be put at the centre of governance to convert policy goals into inclusive housing delivery systems. This paper examines these possibilities in India to draw lessons for the way forward.

2.0 Context

2.1. Urbanisation + the Growth of Vulnerable groups

India is one of the least urbanised countries in the global south, yet the absolute number of people living in its urban areas is amongst the highest. As per the 2011 census, 31.2% (377 million) people live in 7935 towns/urban agglomerations of which 53 have a population of 1 million plus. In addition, an estimated 180 million rural people live next to India's 70 largest urban centres (GoI Habitat III 2016, p.21). Urbanisation is underpinned by the shift of the Indian economy from agricultural to industrial and service based yet today, rural to urban migration accounts for only 20-22% of urban growth. 55-60% of urbanisation is population increase within cities and reclassified rural settlements (GoI Habitat III, 2016, p.31). However, the spread of urbanisation in India is uneven: 7 of India's 29 States & 7 Union Territories account for 62% of the urban population (Sadashivam & Tabassu 2016). Post-1991 economic liberalisation, urban areas were acknowledged as key drivers of the economy² with distinct challenges, leading to the first comprehensive urban focused policy³. Yet there is increasing inequality in India and indicative that government policies are not inclusive or poorly targeted: the GINI co-efficient in 2016 was reported to be 0.50 (Subramaniam, 2017) and in 2011-12 it was estimated that 13.7% (MOSPI, India country report 2017) of the urban population lives below the poverty line. The most visible manifestation of inequity is the 0.9 million homeless and 65.5 million slum dwellers (MoHUPA & NBO, 2015). Thirty-six percent of these houses do not have electricity, tap water and sanitation within their premises.

2.2 Historical Framework for Housing Delivery & Development

Public Sector

India has used 5-year plans prepared by its Planning Commission to allocate resources for equitable growth and these offer a historical perspective to urban housing (Hingorani P., 2011 & Batra L., 2009). Housing delivery has evolved from a central planning approach to a progressive devolution of functions and fiscal responsibilities to States and Local Authorities (74th constitutional amendment, 1992 and 9th plan, 1997-2002, GOI). Yet, the public sector has played a minimal role in housing provision due to its limited resources and therefore focused on lower income groups and slum dwellers. Housing development has evolved from a supply side model (provision of completed units, sites and services, subsidies) towards a post-liberalisation demand side model (strengthening financial systems and public private partnerships). The approach to housing has also attempted to move from ad-hoc provision to efforts at placing housing within the larger planning framework (3rd plan, 1962-67), in the context of environment improvement (6th plan, 1980-85), and urban poverty alleviation (9th plan, 1997-02).

¹ See Table 1: Data extrapolated from Monitoring Report: Physical Progress of Schemes provided by MoHUA, 2018

² Urban Sector contribution to GDP: 1950-51 (29%), 1970-71 (37.7%), 1980-81 (47%), 2004-05 (52%) (5-year plans)

³ Jawaharlal Nehru National Urban Renewal Mission (2005-12)

Private Sector

Private enterprise has had an almost non-existent role in shelter delivery for vulnerable groups (9th plan) largely due to restrictive policies (such as the Rent Control Act, 1948 and Urban Land Ceiling Regulation Act (ULCRA, 1976)), high land costs and low profit margins. Government attempts to encourage private sector participation have included: innovations in materials and techniques to reduce unit costs (4th plan, 1969-74), financial intermediation (6th plan, 1980-85), repeal of ULCRA act (1997) and progressive strengthening of the housing finance sector. In 2005, the Government allowed 100% foreign direct investment in real estate enabling it to become the second largest employer in India (IBEF, 2012 and NCAER, 2014) and a key contributor to the GDP. Despite this, the sector continued to focus on higher and middle income groups due to higher returns and lower risk (Deloitte, 2016) up until the economic slowdown in 2009, which forced developers to focus on affordable housing (IBEF, 2012 and Gopalan & Venkataraman, 2015). The Government has provided impetus to this through frameworks such as the 'Housing for All by 2022' mission launched in 2015; Real Estate and Regulatory Act 2017 and PPP policy for Affordable housing 2017, amongst other incentives (See Box 1 & 2).

Informal Sector and People's Movements

As a result of formal housing being available only to a minority, or in locations far from employment opportunities, most housing in urban areas continues to be produced by the informal sector: incrementally, in vulnerable locations and with their own sources of finance. Self help groups (SHGs) and Non-governmental organisations (NGOs) in India play an important role in informal settlements, emerging post-independence in response to concerns of marginalisation and poverty (ADB, 2009). India's 5-year plans have acknowledged the role of NGOs or VOs⁴ to mobilize communities and interface with local authorities to access basic amenities and housing, yet community participation in housing programmes is not institutionalised in practice. The sector is also facing its own challenges of sustainability as international support that existed in the 80s and 90s is now being withdrawn with India being considered a middle income country. Current government also places stricter restrictions on NGOs seeking foreign funds through the Foreign Contribution Regulation Act (FCRA). In 2016, this became apparent when 20,000 NGO licenses were cancelled citing non-compliance. Representation in urban housing is also limited as most NGOs in India are rural (PRIA, 2002, p.5), located in predominance in certain States, and focused on better financially supported sectors such as religion, community, education and health (PRIA, 2002, p.7). NGOs active in the urban housing sector have different institutional models and approaches.

Box: The alliance of SPARC (Society for the Promotion of Area Resource Centres), National Slum Dwellers Federation (NSDF) and Mahila Milan (Women Together, a savings collective) is a 30 year old collective focused on building community capacities to save, collect data through surveys & mapping and negotiate with authorities for accessing basic services and housing. It is unique in that has actively participated in the design and construction of projects through its non-profit company Nirman set up in 1998 and therefore empowers communities to actualize change by doing. Other NGO/non-profit models in India include: Mahila Housing Trust (1998), MASHAL (1985), Urban and Development Resource Centre (2001) in Odisha, Shelter Associates (1993), Ahmedabad Study Action Group (1971) and YUVA (1984).

2.3 Housing Rights and Violations

India does not have a legislative framework to housing rights, which impacts more than 65 million people who are either homeless or live in slums and a large number of displaced people. The Housing and Land Rights Network in India estimate that government at central and state levels demolished over 53,700 homes across urban and rural India in 2017, attributed in urban areas primarily to urban renewal or infrastructure improvements or implementation of schemes.

Despite measures to protect rights, States often interpret acts and policies differently leading to violations:

- The Slum Areas (Improvement and Clearance) Act in 1956 offers protection to 'notified' slum dwellers (FSG, 2016) but States across India notify 'slums' based on their own criteria aside from the Central definition. Both definitions use only physical characteristics to identify slums and not security of tenure, which leaves room for interpretation by cities. Unfortunately, a majority of slums (59%) in India are non-notified, depriving them from support under Government schemes (Nolan et al 2017).
- Judicial intervention through the Supreme or High Court has upheld housing and land rights by staying evictions, recognizing land rights and protecting the homeless (HLRN, 2016). Certain judgements have however (Different Truths, 2017) been anti-poor and contributed to the violation of housing and land rights.

⁴ Although the terms Voluntary Organisations (VO) and Non-Government Organisations (NGOs) are used interchangeably, VOs include groups at the grassroots level that are not registered organizations as well as registered organizations.

2.4 Housing Shortage

Government of India's report to Habitat III estimates that absolute shortage levels (difference between number of existing households and existing housing stock) have declined from 1.63 million units in 2001 to 0.39 million in 2011 but relative shortages are much higher. According to the Report of the Technical Group on Urban Housing Shortage (2012-17), India is short of 18.78 million units. Households in the economically weaker section (EWS, Upto INR 3 lakh annual income) and lower income group (LIG, INR 3-6 lakh annual income) account for 96% of the housing shortage.

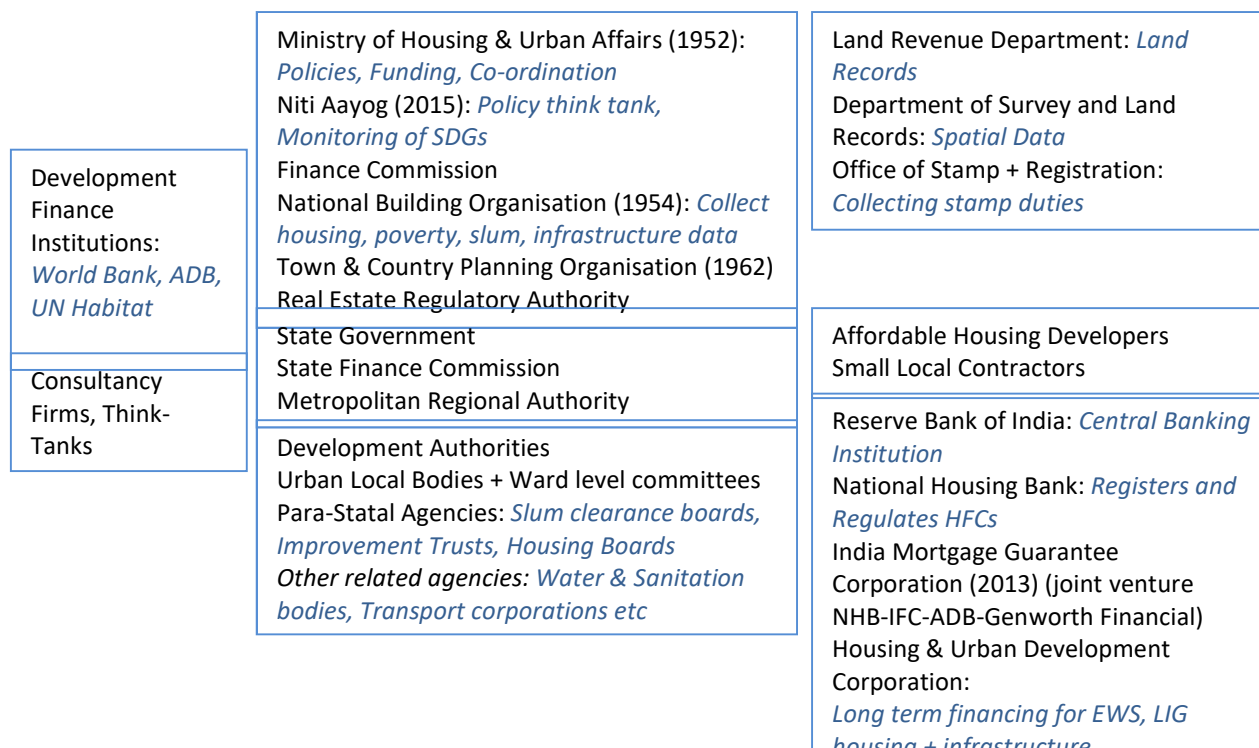
Housing Shortage by House type, 2012		
Housing Type	(in Millions)	(%)
Households in non-serviceable <i>katcha</i>	0.99	5%
Households in obsolescent houses	2.27	12%
Households in congested houses	14.99	80%
Homeless	0.53	3%
	18.78	

Source: Report of the Technical Urban Group (TG-12) on Urban Housing Shortage 2012-17. New Delhi: Ministry of Housing and Urban Poverty Alleviation, 2012

- The estimates of shortage are based on the material of houses, age, dilapidation, congestion but avoid the larger measures of adequacy such as secure tenure (Bhan et al 2013), access to livelihood & transport, and availability of basic services.
- Data between public and private sectors varies considerably. Private sector estimates housing shortage in India to be closer to 25 million units (MGI, 2010, p.121).
- The census 2011 estimates that 11.09 million houses in urban areas are vacant (TG-12 2012-17).

2.5 Institutional Framework for Housing Delivery

- The Planning Commission (1950) responsible for 5-year plans was replaced by the National Institute for Transforming India (Niti Aayog) in 2015. Niti Aayog provides a broad roadmap to GoI through a 15 year Vision Plan, 7-year mid-term Strategy and a 3 year short term Action Agenda. However, it has no financial powers to detail schemes and has to align with resources decided by the finance commission.
- In July 2017, the Ministry of Housing and Urban Poverty Alleviation and Ministry of Urban Development were merged into the Ministry of Housing and Urban Affairs which hopes to ensure cohesive urban policies and cut bureaucracy.
- Data, an essential building block for planning is not adequately collated in Indian cities: Land registries are not fully digitized and in the hands of several uncoordinated agencies leaving land ownership issues unresolved. Housing and Slum data is collated by the NBO from various sources: Census, National Sample Survey Office and Central Statistical Office but is not at a disaggregated level to be able to inform planning decisions, particularly so for slums.
- International development finance institutions provide support to several housing & infrastructure programmes and NGOs but this cannot be seen a long-term solution.
- At the local level, parastatals such as housing & area development authorities, slum clearance boards, utility corporations etc are disconnected to urban local bodies and have overlapping roles making implementation difficult.



supply side
demand side

Civil Society Organisations (CSOs)
Non-Governmental Orgs. (NGOs)
Community Based Orgs. (CBOs)

Eligible Households:
Homeless, Slum dwellers,
Urban poor, Displaced

Savings Groups, Microfinance
Institutions, Moneylenders, Chit funds

BOX: Instituting Community Participation in Housing Programmes

There exists no current mechanism to institute participation in housing programmes. Government and private sector largely consider participation to mean awareness creation and convincing households to move into rehabilitation housing. Eligibility requirements restrict non-profits from bidding for housing projects and but examples have shown that projects fare better when communities are directly involved. In 2009, NGOs such as SPARC and MASHAL negotiated with the Pune municipal corporation to change bidding requirements in order to prepare detailed project reports and partake in construction of housing for slum dwellers in Yerwada, making it the first community-led upgrading programme.

Box 1. Policies impacting Housing

- **1948, Rent Control Act:** The act has dissuaded the supply of new rental housing, affected municipal finances and led to a neglect of rent controlled buildings. Attempts to repeal are politically difficult and only a few States have adopted reforms.
- **1976, Urban Land Ceiling & Regulation Act + Repeal:** The act provided for an imposition of a ceiling on vacant land, acquisition of land in excess and regulation of construction to ensure equitable distribution of land. In practice, it led to distortions in the land market and not much change has taken place since its repeal in 1999 as large amounts of land remains caught in litigation (Pethe & Nallathiga, 2017).
- **2007, National Urban Housing and Habitat Policy:** The 3rd National housing policy in India was the first urban focused policy and focused on various PPPs for realizing the goal of affordable housing for all with an emphasis on EWS and LIG sectors. It focused on habitat with a regional planning approach and sought to deepen the role of government as facilitator and regulator.
- **2013, Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement and 2015, LARR Amendment Bill:** The 2013 bill replaced the land acquisition act of 1894 to protect the interests of the dispossessed. These included: linking land acquisition with an obligation for resettlement & rehabilitation, safeguards for tribal communities and other disadvantaged groups, it stated that no-one would be dispossessed until all payments were made, compensation for loss of livelihood, consent of 70% to 80% from owners so that no forcible acquisition could take place and land that remained unutilised after acquisition would have to be returned to the owner or a State land bank. There were many difficulties in acquiring land for national projects therefore in 2015 an amendment was introduced that many have criticised as tipped in favour of those acquiring land rather than project affected communities (Oxfam, 2015). In particular, the new amendment has exempted 5 categories of projects including affordable housing, PPP projects, industrial corridors, rural infrastructure and defence from requirements of social impact assessment, restrictions on acquisition and consent from people.
- **2016, Real Estate and Regulation Act** which came into effect from May 2017, provides a unified legal regime for purchase of flats and seeks to standardize practice across the country and aims to provide greater transparency, reduce backlog and improve execution of projects.
- **2017, Draft Model PPP policy for Affordable Housing**

Model 1: Public authority will pay lump sum amount post satisfactory completion of housing units.

Model 2: Private developer builds commercial/high end units or other incentives such as FAR/TDR and fast track clearances, to generate revenue that subsidises cost of affordable units.

Model 3: Public authority will pay developer regular annuity payments for 15-20 years.

Model 4: Public authority will pay 40-50% project cost to developer during construction and regular annuity for 15-20 years for balance amount.

Model 5: Private developer recovers money directly from households through EMI payments or lumpsum.

Model 6: Private developer recovers money through rental payments.

Public authority provides land & trunk infrastructure and the private developer designs and builds.

Both the **draft Model Tenancy Act in 2015** that allows tenants and owners to negotiate rents and the **draft National Urban Rental Housing Policy in 2017** that encourages different sectors to promote rental housing through PPP show potential to gradually remove the distortions in the rental market but remain to be enacted by the States. At the end of 2017, Tamil Nadu became the first state to enact the model tenancy act.

Some of the mandatory conditions to implement the Government's Housing for All programme require States to: Amend master plans to earmark land for affordable housing, Legislate or amend existing rental laws on the lines of the model tenancy act, Provide additional FSI and relaxed density norms for slum redevelopment and low cost housing if necessary, Put in place single window clearance for layout approval and building permissions at ULB level.

Government programmes to provide 'Housing for All'

2015-2022, Pradhan Mantri Awas Yojana-Urban: Announced under the Housing for All by 2022 mission of the GoI, it aims to build 20 million houses in 7 years through 4 verticals that focus on incentives for developers and buyers.

In-situ Slum Rehabilitation	Affordable Partnership	Housing in	Beneficiary-led Construction	
Targets slum dwellers Land used as resource Private sector incentive of FSI GoI grant INR 1 Lakh per house HH contribution decided by States	Targets EWS With States or private sector GoI INR 1.5 lakh per house if 35% houses are EWS and single project has 250 houses		Targets EWS States implement with GoI contribution of INR 1.5 lakh per house	
Credit Linked Subsidy: Centre scheme where subsidies are channelled through HUDCO & NHB to lenders				
	EWS	LIG	MIG-I	MIG-II
HH annual income	Upto INR 3 lakh	3-6 lakh	6-12 lakh	12-18 lakh
Interest subsidy	6.5%	6.5%	4%	3%
Built-Up Area	30 sq.mts	60 sq.mts	120 sq.mts	150 sq.mts

Source: Urban Mission Presentation, MoHUA, Jan 2018

In addition, MoHUA is implementing the following programmes targeted towards the urban poor: **Swachh Bharat Mission** (Aims at open defecation free management of solid waste), **DAY-National Urban Livelihoods Mission** (skill training and provision of shelter for the homeless) and the **Smart Cities Mission** (development of smart cities which includes affordable housing among other components)

Components of earlier schemes are also still in progress or subsumed under Housing for All by 2022:

2005-12, Jawaharlal Nehru National Urban Renewal Mission: The first comprehensive urban program was a reforms driven development and was granted extension upto 2017.

- Basic services to the Urban Poor (BSUP)
- Integrated Housing and Slum Development Programme (IHSDP)

2013-2014, Rajiv Awas Yojana: Scheme financing was dependent on ULB reforms, providing tenure security and affordable housing reservations to achieve 'slum free' cities. It focused on preparation of slum databases and slum free city plans. Central share was 50% of housing project cost.

- Affordable Housing in Partnership: Promoted PPP to create affordable housing with minimal central subsidy per dwelling unit of size 21-40 sq.mts.
 - RAY and AHP both have been subsumed under the Housing for All mission.

Table 1: Housing Supply under various Government Schemes (ongoing and new)

Name of Scheme	Units Approved	Units Built	Units Occupied	Units in Progress	Units yet to start	Units Unoccupied
BSUP (2005-17)	7,88,953	6,99,429	5,89,683	65,242	24,282	1,10,124
IHSDP (2005-17)	4,51,951	3,92,766	3,61,445	45,260	13,925	47,352
Rajiv Awas Yojana (2013-14)	1,17,707	48,296	27,511	46,013	23,398	20,785
AHP under RAY (2013-)	24,141	21,655	16,586	1,715	771	5,069
PMAY-U + CLSS (2015-)	43,17,956	3,51,778	3,28,230	18,84,831	--	--
Totals	57,00,708	15,13,924	13,23,455	20,43,061	--	--

Source: Ministry of Housing and Urban Affairs, Monitoring Report: JnNURM under BSUP & IHSDP, RAY & AHP, PMAY (Urban), as on 2nd April 2018

Can PMAY-urban provide Housing for All? 3 years into the PMAY-urban program, 22% houses of the 20 million target have begun. Of these, 44% are in progress and 8% units built so far. The progress faces

challenges due to undocumented property and land records of slum dwellers required to avail the scheme or access finance and the feasibility of incentivising developers to use land as a resource in smaller cities with lower costs of land. In the face of these difficulties and in its current form, it is likely that the programme will benefit the middle and lower income groups more than vulnerable households.

3.0 Governance

3.1 Governance & political systems in cities and relationship to state, national structures, citizenry

India is organised as a federal system, in which the Central and State governments have their own individual and concurrent subjects in which both can undertake legislation (GOI five year plans). Decentralisation of Government was facilitated progressively: extension of loan assistance to States to acquire land and housing (2nd plan, 1958-62), States required to raise their own funds (4th plan, 1969-74), 74th constitutional amendment in 1992 that devolved powers from states to urban local bodies and the 9th plan (1997-2002) that declared housing to be a State subject. Post-1992, urban local bodies (ULBs) were classified as nagar panchayats, municipal councils or municipal corporations depending on the population and placed 18 functions within their purview including: urban planning, land use regulation, construction, basic services, slum improvement and urban poverty alleviation.

Governance and People: People's participation in local governance is also a part of the amendment, envisioned through mandated reservations of positions in local bodies for women, scheduled castes/tribes and disadvantaged group and creation of ward committees to institutionalise participation of citizens. However, experiences with ward committees in different States have not been encouraging (Sivaramakrishnan, 2006 and Baud & De Witt, 2009).

3.2 Relationship of power and governance on housing

Whilst housing policy is set at the central government level, it also formulates schemes (either centrally sponsored or central schemes) to deliver affordable housing and regulations/model acts. However, as housing and land are State subjects in India, the adoption of policy recommendations is not binding unless they draw upon the resources of centrally sponsored housing schemes that require mandatory reforms. Under the 14th finance commission (2015-2020), devolution from Centre to States increased to 42% and centrally sponsored schemes are now being reduced so States take on a higher share and responsibility in implementing schemes (See Table 2).

Yet, the legislative power given to local governments to define their own policies and programmes is underutilised due to the voluntary nature of the 74th CAA (Savage & Dasgupta, 2006) resulting in State control of agencies at the local level and continued fiscal dependence of ULBs on higher levels of government (Mohanty et al 2007). The transfer from States to ULBs is in two parts: basic grant (80%) and performance grant (20%) with a specific recommendation from the finance commission to use the grants for improving basic service delivery. Municipal finances are also typically raised from internal sources, state revenue, loans from states and market borrowing (Niti Aayog, 2018) but constitute barely 1% of the national GDP currently (Niti Aayog, 2018).

Table 2. Financing of Projects under various Government Schemes (in INR Crores)

Scheme Name	Project Cost	Central Share	% Share of Central	% Share of State/ULB
BSUP (2005-17)	23,128.8	11,239.8	48.6%	51.4%
IHSDP (2005-17)	9,591.0	6,161.4	64.6%	35.7%
RAY (2013-14)	6323.0	3465.9	54.8%	45.2%
AHP under RAY (2013-)	1,398.4	140.1	10.0%	90.0%
PMAY-U + CLSS (2015-)	2,50,977.1	68,415.8	26.5%	73.4%

Source: Ministry of Housing and Urban Affairs, Monitoring Report: JnNURM under BSUP & IHSDP; RAY & AHP; PMAY (Urban) as on 2nd April 2018

3.3 The role of cities in housing development and in securing housing rights

- **Planning:** Several housing projects still take place ad-hoc, outside of larger planning frameworks and local decision making processes. Barely 24% of total cities and towns in India have a master plan (The Hindu, 2012) owing to the lengthy and expensive process. FSI is a key planning tool for housing control and many (Phatak, Ahluwalia) point out that low values have led to underutilization of land.
- **Land:** Heavy distortions in the land market are attributed to a number of factors, listed as follows. The ULCRA act (See Box 1.) and stringent land conversion rules have resulted in low supply of land and burgeoning costs (JLL, 2016). Land ownership records and titles are unclear, therefore private enterprise relies on State Governments to acquire land under the LARR act 2015 (See Box 1.) for purposes of affordable housing among other more commercial interests. Private corporations own much of the land in urban areas but large tracts are also owned by the Central Government, Railways, Defence and other Public Sector Enterprises which are encroached upon and/or rarely used for affordable housing (Tiwari & Hingorani, 2014).
- **Infrastructure:** Water supply, sanitation, sewerage and drainage are to be provided for by municipal corporations but these bodies are rarely able to deliver adequately (14th Finance Commission Report) and either state agencies or parastatals are in charge of urban service delivery (Savage & Dasgupta, 2006) which makes coordination and integration with housing programmes difficult.
- **Development & Construction:** ULBs select settlements, households and identify schemes after which a detailed project report is prepared and developers selected through an open bidding process. Mandatory conditions under the housing for all programme aims to streamline layout approvals and relax FSI or density norms for low cost housing. Although HFA (PMAY, p.4) also calls for involvement of households in design of the rehabilitation component, there is little clarity on how participation will be instituted.
- **Allocation:** In in-situ upgrading projects, ULBs identify households prior to the upgrade and built affordable housing usually relies on a lottery system depending on access to credit which may be carried out by the ULB or private sector. In both, unwieldy State-wise eligibility criteria such as cut-off dates which require households to have been living in the settlement since a certain year or documentary evidence to access loans, has led to exclusions.
- **Maintenance:** Residents are required to form and register resident welfare associations to take care of maintenance once allotment is completed and the ULB has no involvement. In some schemes, private developers contribute towards a corpus maintenance fund as low income residents can be irregular with monthly payments particularly in meeting costs of high-rise buildings.

Innovative practices have included local contractors in the building of housing for lower income groups:

- **Micro Home Solutions (MhS)**, set up in 2009, works with communities to connect them to financial sources and provide technical assistance. MhS is currently assessing the impact of mason training in slums and developing digital tools to provide financial planning and construction management support.
- **Brick Eagle** set up in 2011 acts as an incubator for local builders interested in affordable housing – offering capital and other supporting services such as design, technology and promotion. Their units are mostly under 35 square metres and priced under INR 20 lakh. It stands apart from other private equity funders by being more involved and accountable.

The last decade has seen more NGOs forming key working relationships with the private sector in order to be involved in project implementation. SAATH and Mahila Housing Sewa Trust, are NGOs, both based out of Ahmedabad that have worked with private developers to deliver housing to slum dwellers. SPARC has worked in joint ventures with private developers in Mumbai on Slum Rehabilitation Projects. The challenge in each of these is for NGOs to be able to influence decisions that create better liveable conditions as opposed to being used to simply mediate between government or private sector and communities.

4.0 Financial Systems

4.1 Affordability

Housing Affordability in India is measured using size of dwelling unit and income. Criteria vary across public and private sectors but also across States. Some researchers (JLL, 2016 and Edelweiss, 2017) make a distinction between affordable housing which is for LIG and MIG and low-cost housing which is for EWS.

Table 3: Affordability Measures

Income Category	A. Unit Size	B. Unit Size	
EWS (Annual Income upto INR 3 lakh)	21-27 sq.mts	Upto 30 sq.mts	
LIG (Annual Income between INR 3-6 lakh)	28-40 sq.mts	60 sq.mts.	
MIG and above (Annual Income between 6-12 lakh and 12-18 lakh)	41-60 sq.mts	120 sq.mts/150 sq.mts	
Sources: A. Taskforce on promoting affordable housing, MoHUPA, 2012; B. PMAY Guidelines for Credit Linked Subsidy Scheme, MoHUPA, 2017			

4.2 Financial Systems

Formal housing finance in India has grown only in the last two decades before which 80% of housing was financed by informal sources (RBI, 2009). Today, the sector is dominated by banks and HFCs (92 currently operating), facilitated by the National & State governments and assisted by 2 regulators: Reserve Bank of India (RBI) for Banks and the National Housing Bank (NHB) set up in 1988, for Housing Finance Companies (HFCs). Banks account for 63% of housing loans (ICRA, March 2017) and RBI (2018) records a sharp growth of loans in the lower segment (under 10 lakh) in 2016-17 driven by the public sector banks. HFCs on the other hand account for 37% of total housing loans yet the percentage share of HFCs is growing rapidly as compared to Banks (India Housing Finance Report, 2017).

Table 4: Categories of Housing Finance Companies

Category	Loan Size
Banking Institutions, HFCs	INR 7 lakh and above
Select HFCs	INR 6-10 lakhs
Housing micro-finance companies	INR 2-7 lakhs
Low-end focussed housing finance companies	INR 4-6 lakhs
Source: JLL 2016	

Table 5: Types of Housing MicroFinance

HMF Category	Income	Loan	Agencies
Incremental Housing Finance (micro finance)	INR 5000-25,000	INR 20,000-2 lakhs	NGO-MFIs, NBFC-MFIs and their partners
Micro-mortgage finance	INR 8000-30,000	INR 2-10 lakhs	NBFC-MFIs, NBFCs, HFCs
Traditional housing finance	INR 20,000 +	INR 5-25 lakhs	HFCs and Banks
Community Infrastructure	Mixed income	Community basis	Community orgs., NGO-MFIs, Housing Co-ops
Source: MoHUPA-HSMI (2015)			

Yet, a 9% housing loan to GDP ratio in India indicates a much lower market reach compared to other countries in the global south. Financial products are still largely accessed by mid to high-end households and by large private developers. The reasons are attributed to cumbersome application procedures, borrower documentation, high interest rates and collateral requirements. Therefore, households with irregular incomes and insecure tenure, depend on other sources of housing finance: own savings, self-help groups, loans from employers or families, chit funds and moneylenders (Ferguson & Smets, 2009; SPARC, 2012; Transparent Chennai, 2013 et al). Informal, flexible arrangements allow households to build incrementally, as they collect resources and assess priorities. In response, the formal sector has been increasingly focusing on housing microfinance which provides small size loans to meet incremental needs although NHB strictly regulates the number of unsecured loans that can be given.

A number of MFIs have made lending to the informal sector a focus through its partnership with NGOs:

- **MHFC** received its license in 2009. It collaborates with NGOs and MFIs to reach out to the informal sector. Lending Terms: Interest rate - 12-13%, Loan Tenure - 15 years max., Loan Size - INR 15 lakhs. House is used as collateral.
- **SGR** received its license in 2015. It leverages the existing SEWA network and ground experience to connect with residents, particularly women, in the informal sector. Lending Terms: Interest Rate – 18% on decreasing balance, Loan Tenure - 3-15 years, Loan Size – INR 1 – 8 lakhs, Alternate collateral documents/progressive tenure documents.

Box 3. Incentivising Housing Finance for Lower income Households

2014, housing is placed under priority sector lending by the RBI. This mandates banks to disburse 40% of their loans to identified sectors which includes loans to individuals upto INR 28 lakhs in metros (10 lakh and above population) and loans up to INR 20 lakh in other centres for purchase/construction of a dwelling unit per family.

2017, IMGC launched a mortgage guarantee home loan product for banks and HFC that lend to low and mid income households to support the HFA programme.

2018, RBI relaxes guidelines for external commercial borrowing for purposes of onward lending to low cost housing units.

2018, a refinancing facility was made available by the National Housing Bank for individual loans for the affordable housing segment (RBI, 2018) and refinancing rates reduced on loans upto 5 lakhs thus incentivising banks and HFCs to lend to lower income groups. NHB will also anchor an affordable housing fund to support the Pradhan Mantri Awas Yojana-Urban.

2018, the Union Budget 2017-18 created additional financial incentives for developers including granting of infrastructure status to affordable housing which enables developers to access diverse sources of financing. Developers are also exempt from paying tax on profits in the affordable housing segment for 5 years starting 2016.

In May 2018, Odisha formally handed over titles to over 2000 slum dwellers in Ganjam district. Under the Odisha land rights to slum dwellers bill passed in 2017, rights are to be given on land upto a maximum of 60 sq.mts in a notified council area and 45 sq.mts. in a municipal council area. Property rights entitle dwellers to a unit size and cost as determined by the State. In both cases, rights are inheritable and can be mortgaged but not transferred. The right are instated in-situ unless land is untenable and rehabilitation necessary. The provision of secure tenure can potentially formalize the considerable informal and incremental building activity of slum dwellers in Odisha but may have other unintended consequences such as increase of rents in slums. The on-ground impacts of this are yet to be ascertained.

5.0 Way Forward

1. Legislate housing rights
2. Create a national housing policy (the last was in 2007) that addresses SDG & NUA goals of inclusion and equity: prioritize vulnerable groups, encourage progressive tenure rights and focus on participatory in-situ upgrading of settlements.
3. Develop mechanisms to institute community participation in housing programmes: this would include changing bid requirements to enable communities and Government or private sector to conduct joint surveys, map, select settlements & households, prepare designs and construct.
4. Re-work exclusionary criteria to select households in need: a. Slum settlements must be identified on the basis of lack of tenure security also in order to notify slum areas and protect the rights of people, b. Eligibility criteria to identify households for low cost housing should remove cut-off dates and allow for alternate forms of identification.
5. Capacitate urban local bodies: direct fiscal transfers, accountability mechanisms, and merge overlapping para-statal responsibilities.
6. Monitor housing data: most developed nations track granular data on housing supply and housing demand which is important to effectively assess need.
7. Assess low-cost housing standards: housing programmes tend to develop standardized designs that do not meet the needs of people and have to meet standards of formal housing leading to high costs.
8. Focus on rental and incremental housing options: In most smaller cities & towns, where PPP models are ineffective, strategies can be developed to scale up efforts of communities who are building on their own.

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Membership based approach case study to add: (similar to Women's Bank, and Nepal coops)

- **It's membership based**
- **Individual but self-led**

Mahila Housing Sewa Trust (in Ahmedabad, India)

*MHT was founded in 1994 by the Self Employed Women's Association (SEWA), a union of poor, self employed women workers, in order to facilitate better housing and infrastructure **for its members** in the state of Gujarat.*

Over the last 20 years, MHT has made a significant impact improving the lives of urban poor across more than 15 cities in India. A concise listing of MHT's major impacts in the last two decades is as follows: 311,450 households benefited from improvements in housing and basic services, in 895 settlements, in 15 cities in India. 14,221 of those households got legal, permanent housing

Micro-Lending for Self Constructed Housing: Of every ten houses constructed in India, seven are constructed by the people themselves, two by the government and one by the private sector. The majority of urban poor prefer to build their homes incrementally with the help of local masons/contractors. MHT supports self-constructed, incremental housing by providing financial and technical support to ensure that the houses are structurally safe with efficient layouts and access to adequate light, ventilation and basic infrastructure.

Building Stake for Slum Residents in Redevelopment Projects: Several city governments in India are exploring a public-private-partnership (PPP) approach to slum redevelopment that involves participation of private developers in the provision of housing. The biggest challenge in the process is establishing a trust relationship between the developer and slum community, especially as it involves demolition and temporary eviction. Further, the provision of transit housing has to be conscientiously designed. The focus of MHT's interventions in the PPP redevelopment projects is to create an environment of better accountability and build a legal stake for the slum dwellers, especially women in the entire process to ensure that a) their interests are not marginalized and they have equal property rights, b) they are involved in decision making regarding design & governance and c) women are actively involved in community management as members of residents welfare associations.

- **SPARC played this role too, with Dharavi and others.**

Ensuring Land Rights for the Poor: Close to thirty to forty percent of urban population in Indian cities can only afford to stay in slums and chawls, often located on land frozen in disputes, government lands or ancestral lands with multiple claims to property. These households do not enjoy 'formal' land rights which prevents them from availing government subsidies and affordable mortgages from banks and housing finance institutions, as they are perceived to be high risk owing to irregular pattern of income.

MHT supports poor households to get their lands registered in their own name. However regularizing tenure on such properties is a long and expensive legal process. MHT believes that too much insistence on this absolutist approach emphasizing formal titles in the short term can also prove detrimental to the development of poor depriving them of their entitlements to basic services. MHT hence adopts a gradualist approach of progressive tenure security that encourages the poor to establish land rights and create assets in their name in the interim.

Linking Poor Families to Affordable Housing Options: MHT supports poor families in buying units in government led subsidized housing schemes as well as private affordable housing projects by communicating information about new schemes, helping them in the application process and mobilizing the required earnest money. MHT also assists families that are selected for allotment process in accessing housing finance and securing possessions.

Housing in Waiting: Don't let the poor wait too long

1. Introduction:

When the current president Joko Widodo and Vice Jusuf Kala was elected in July 2014, their election promise was known as *Nawacita* that became the medium term development policy that all ministerial departments has to translate into their working policy. *Nawacita* consist of nine political priority agendas, protecting all people, starting development from the fringe, to the improvement of human quality. Focus of implementation is on equitable economic and air, land and sea infrastructure. Housing fall both in equitable economic and as human infrastructure. Article 28H of Indonesia's Constitution of 1945, stated that (1) *Each person* has right to a life of well-being in body and mind, to a place to dwell, to enjoy a good and healthy environment, and to receive medical care. However, the *Each Person* has never been well articulated or defined whom they are, except to some extend in income terms that is limited and also normative. In legal terms, Indonesia has had no shortage of good intentions to serve and care for the poor. Indonesia has by now three housing laws (no. 1/1964, no. 4/1992 and no. 1/2011) and many implementation regulations. All the laws were formulated to deal with the problem of great housing deficiencies and in poor quality within the urbanizing cities and settlements. However the laws does not formally recognize the role of people making their own housing that account to around 70% to 80% of the existing urban housing stock.

The housing workshop organized at the end of August 1950 can be said as the so called first development policy drafted by the newly established country. It was among others to formulate actions to be taken by government on how best to serve the housing need of the general people. It further need two decades before the first working policy and programme were drafted and implemented as an integral part of the first Five Year Development Plan (REPELITA I; 1969-1974). Since then housing has always been included in the National Development Plans. The issue of *Housing Backlog* emerged after the result of the 2000 census was announced with numbers that reached to as high as 15 million units and is used as basis for calculating how much houses should be built in a certain time period (annually). The backlog was calculated based on the 2010 census result. A backlog is the shortfall between the total numbers of houses needed based on that every household occupies a house, owned or rented. By now the number has decreased to 7.6 million units (2015) and will further be decreased to 5.4 million by the end of the present Presidential term of office (2019).

The same applies to inadequate or poor housing that will be reduced from 3.4 million at the beginning of the Presidential terms of office to 1.9 million when the terms ended in 2019. The definition of housing backlog has never been openly discussed why it was formulated in the first place and what are the aspects of *the who, the where* and *the when*? If 3.8 persons occupy a house, then the total backlog of persons will reached to more then the total population of the island Kalimantan, where are they? Do government has to take the full responsibility to reduced and closes the housing gap in backlog numbers and it is still a debatable issues both that agree and those that disagree. However, government has pledged to make the allocated fund for housing be made more effective and efficient in easing with the overall housing problem with focus to the poor that have the same right to occupy a decent housing. The last formal housing policy was drafted and published in 2002. There after housing programmes were not covered by a clear housing policy.

2. Country situation:

During the commemoration of the World Habitat Day of 2005 in Jakarta, Indonesia pledged to meet the MDGs targets of cities without slums by 2019, earlier than the 2020 limit stated in the MDGs. However, the pledge was only seriously implemented in the last five years of the fifteen years time allocated. The commitment was operationally translated into **100-0-100** programmes, meaning that by 2019 there will be 100% clean water supplied, 0% of slums existence and 100% availability of safe sanitation. The slum eradication programme was further focused and renamed as City Without Slum (**KOTAKU** or *Kota Tanpa Kumuh*) programme. To ensure that the City Without Slum reach it target on time, fund were made available and supported by institutions (public, private and NGOs) to assist the implementation at local government level.

Table of Housing Ownership Condition (%)

Nos.	House Aspects	2000	2005	2010	2015
1.	Owned	84.68	81.95	78.00	82.63
2.	Rent	8.06	7.87	10.32	9.08
3.	Non-Fiber Roof	94.67	Nil	96.55	98.00
4.	Non-Bamboo Wall	84.00	Nil	90.13	96.14
5.	Non-Earth floor	84.28	Nil	88.49	93.10
6.	Clean Water	37.51	47.62	44.19	70.97
7.	Save Sanitation	32.72	Nil	55.53	62.14
8.	Electric Available	86.30	Nil	94.15	97.54
9.	Floor >7.2 M2 per Capita	13.74	Nil	13.27	10.05

Source: Central Statistic Office (BPS)

By now many cities and towns have reached the MDGs target such as Surabaya that has served 100% water, 0.5 sub-standard housing (the word slum is not used in Surabaya) and around 90% of the population is served with safe sanitation system. In Surabaya there is a cross subsidy in water tariff that the people in the kampung only pay about Rps. 450.- for one cubic meter of water. National budget allocated for housing reached to as much as Rps. 6.09 trillion. To illustrate the housing condition, two tables presented above and below that will provide numeric detail. First table used census and inter-census data and national social economic surveys conducted by the Central Statistic Office (BPS). As can be seen that overall the housing condition improved over time except for house area served per person with standard way below the WHO of 10 m2 per person standard.

Housing Data by Social and Economic Census (%) compiled by Komara Djaja for owned housing

Nos.	Items	Urban	Rural	Urban-Rural
1.	Bought from Developer	7.48	0.40	3.72
2.	Bought from non-Developer	11.55	3.56	7.30
3.	Others	21.19	17.88	19.39
4.	Self Built	59.70	78.23	69.59

Source: National Social-Economic Survey on Health and Housing 2016

Both tables showed that self-built housing is still dominant in urban and rural housing delivery system. The low number of rental housing should be seen as counter productive to country that has constant economic growth to over 5% to 7% per annum as people have to move dynamically from place to place in short stay term based. In Indonesia, rental housing is never considered as a part of normal housing system, but only as transient housing while waiting in possessing permanent one is achieved. On the adequacy aspect, although house area served per capita is below WHO standard of 10 m2, still the number of people not served is significant high, around 10%. If 10 m2 per capita is used, than the number of people not yet served will reach to more than 20% - 25%. Kampung Improvement Programme (KIP) has been recognized world wide and well received as an effective way of government to support people (government participation) in building their own housing. It should be seen as a way adequate housing is being delivered. Now Government has a programme to provide infrastructure as support to people's housing. Compared to KIP the infrastructure support programme is much less compared to what people have generated resources needed to build their houses that ultimately built the kampungs. Other government support to self-built housing is in small number of in-kind material.

Since the merging of the Ministry for People's Housing (*Menpera*) to the Ministry for Public Works in 2014, the new Ministry is now known as Ministry for Public Works and People's Housing. The approach to housing programmes has shifted to more on the physical aspect, rather than previously owner-occupier need and perception. Local Government Law (no. 23 -2014) stipulates that among the ten compulsory task housing is not included, thus it belong to the supporting task within local government responsibility only, supported by provincial and national governments. Lately the capital city of Jakarta faced serious squatter and slum problems. Since the era where Joko Widodo was the governor (now President) of Jakarta, slums and squatters on public land have gradually been be relocated to furnished walk-up rental flats not far from the original location, thus far from the idea of simple eviction approach. To attract inhabitants of slums and squatters to leave the land reserved for storm drains and water retaining ponds and willing to stay in low income flats, furnished and well equipped flats were initially offered, to include furniture and gas cooking stove given free as bonus. The only complain expressed by the relocated people was the location of the flats building was

rather far away from the original location although never more than two kilometers away. This affect school children and travel to work. In Surabaya if land is needed for the construction of public infrastructure and the whole house has to be demolished, the owner will be compensated a price similar new house in nearby private housing development. The one million housing and one thousand low cost flat towers programme was designated to be built in five years Presidential term of office and was intended to have impact on improving the general low income housing in cities and towns. Still some of the finished buildings cannot be operated and used as water and electricity was not available due misplaced location or unsynchronized working system as case that happened often.

The demographic picture of 2015 for Indonesia based on inter census data is as follows:

- Total Population: 255,461,700
- Population Growth 2010-2016: 1.36%
- Total Households: 65,586.40
- Sex Ratio: 101 male to female
- Highest population density: Jakarta City – 15,328 person per hectare and West Java province of 1320 person per hectare

According to Rodrigo A. Chaves, Country Director of the World Bank for Indonesia and Timor Leste, Good Macro Economic policy has positively contribute to investment that drive the high economic growth in the last five years. Inflation rate has been kept well below 6%, where last year (2017) the inflation rate fluctuate around 3.5% per annum. Income per capita (2016) has grown to Rps. 47.96 million¹ up from Rps. 45.14 million last year or up 6.25%. Unemployed persons in 2016 were 7.02 million. Poor people² have gone down 10.70% to 27.76 million in 2016. Population growth (%)

	1995	2000	2005	2010	2015	2050
Rural Population	64	58	52	50	46	33
Urban Population	36	42	48	50	54	67

For 2050 source The World Bank

The high urban population growth means that there is great need for more urban housing, especially for the middle and middle low-income groups that grew fast. Urbanization does not limit to people moving from rural to urban area only, but many new urban centers developed from small towns to be cities can be seen in many parts of the islands of Java and Sumatera, less in other islands. For the last two decades no less than thirty new towns emerged around Jakarta were developed. Most are rural small towns and the growth of some cities reached to more then one million population and agglomerated to Jakarta or the other way round. Government perceived that in urbanization there exist at least six housing constraints such as inadequate data and information, sky rocketing land price in limited supply, inefficiency in management, long and costly permit application time, housing not yet integrated to infrastructure development, unbalanced housing supply and demand, and finally low human resources in housing. Yet many of the shortcomings were not properly understood and addressed, but just ignored and go back to business as usual.

The targets in housing to be achieved for the current government under President Joko Widodo is:

- Low price rental flats: 550,000 units
- Special Housing: 50,000 units, types of 28 M2 and 36 M2 for among others border guard housing, disaster relief, etc.
- Self Built Housing: 1,750,000 units, and
- Basic infrastructure: 676,950 locations

Several Transport Oriented Development (TOD) project have been initiated and started its construction. The idea of TOD is not limited to ease in communication, but mostly due to the utilization of vast useless land around train terminals. By utilizing this land, the flats can be sold at rather cheap price as land price is not included. About one third of the flats should allocated for low price rental or ownership flats for low-income people. The initiative is part of the equitable economic development seen from the housing perspective. For 2018 the required fund is Rps 10,055.426 million. So far the existing condition (early 2018) showed that there are about Rps. 421,670 million short. Some of the fund came from international loan such as the World Bank. Local governments also chipped in by providing the needed land.

As the Ministry for Social affairs were allocated substantial part of the national budget, the very low income people will be under the responsibility and care of the Ministry in the form of various grants that other ministries cannot do such the Ministry for Public Works and People's Housing. Poor people cannot repay any

¹ Exchange rate fpr Rupiah to Dollar fluctuate rather high when this paper was prepared to around Rps. 14,000 to one Dollar up from about Rps. 13,000 early last year and still fluctuating.

² Again definition of poor people has been suggested to those below the minimum wage standard that can from as little as Rps. 1.5 million to Rps. 3.5 million for Jakarta and Surabaya in 2017.

loan as their income is very limited, the support has to be a grant. There is also a policy to encourage private sector to build more middle class housing including high rise ownerships flats building to prevent middle class people to enter and intervened in the middle low and low income housing markets, a competition that the low income people can never win. There are now problem with the earlier high rise flats building as a substantial numbers are more than two decades old and still based on standard that are far too low compare to the prevailing ones. Initially the effective size of flats was 18m² and now new flats have the area of 36m². The current government has initiated the One Million Housing programme and One Thousand Towers flats buildings to ease the burden of the so-called housing backlog. The performance so far in achieving the backlog numbers is still below the targets.

3. Governance systems and relationship between national, cities and people

Indonesia is a unitary country with a Presidential Government. The next level is the provincial government and it was further divided into city and regency governments. Cities has no rural population and the concept of towns does not exist, but called small city. Basically the national territory and population is fully divided into cities or regencies. After the fall of the Suharto government in 1998, a new local government law was enacted that reversed the power distribution system. Formerly central government has great authority and some are devolved to provincial and further to city and regency government. In the new law Central Government received limited authority from the people to only six consist of foreign affairs, monetary, defense, security, judiciary and religious affairs. In philosophical term, population and territory of Indonesia was totally and completely distributed to cities and regencies area and people living in the respective area. The authority of Provincial government refers to matters and issues that involve two or more local government (city or regency). Local government received their financial share from the national budget to about 15% based on the total national tax and revenues collected at the respective local government area. Local government also receive development grant for specific projects including housing and other support for governmental responsibilities located at the city or regency. In practice, fund related to certain functional authority should be allocated to local government, such as for housing. Most of high rise flat buildings were planned, design and tendered at national level leang local government to take over after the construction is finished.

Local governments (provinces, cities and regencies) as stipulated by the Local Government Law (no. 23 2014) have the power in: development, spatial planning and management, public security, infrastructure, health service, education, social affairs, manpower, coops and small-scale enterprises and the environment. In the ten authorities and responsibilities of local government, housing is not specifically mentioned as a "must" responsibility, thus is only a complementary task and responsibility, in practice most of the task related to funding is still in the hand of central authority. Therefore housing should be formulated, planned and implemented jointly by central and local governments. Main housing finance is still in the authority of the central government (in Ministry for Public Works and People's Housing). Most of eviction issue falls to the responsibility of local government, mostly at city government level. As in almost all cities and towns kampungs exist and housed more that half of the population. National government allocates various kinds of support and grant such the allocation of certain amount of fund for local development but not well coordinated. City governments now allocates a substantial sum of budget annually from one million Rupiahs per sub-district (*Kelurahan*) to more than five times for local people to plan local development and trainings that does not fall into the city wide plan.

Although the Kampung Improvement Programme (KIP) was initiated and -implemented again by the government of Jakarta and Surabaya and was for five years included as part of the national housing programme (third Five Years Plan 1979-1984) and internationally recognized, by now only Surabaya continue to implement by improve moving the scale and scope from basic infrastructure improvement, getting people organized, to mainstreaming the kampung (subsistent) economy to urban market economy. In the One Million house and One Thousand Tower Flat programme, local government only provide land and the planning, design to construction is under taken by Public Works and People's Housing Ministry and handed over when finished. Many housing and flat design does not address local condition and need. National government still believed that local governments were not ready to take the complex responsibility in the preparation and execution of the programme. Cities that has (better) capacity still follow this policy that in most case fall short of a better design of the houses and flats. It does not fall into the essence of local autonomy principle.

4. Financial systems for housing development

National Housing fund was only allocated to more or less 2% of total national development budget, much less compare to about 8% for heath and at least 20% (as stipulated in the Constitution) for education. Initially, a simple and effective conventional mortgage finance system with government subsidy was established in 1976 and a National Saving Bank (Housing Bank) was established. In due time the system faced difficulties in catching up with the increase of diverse and more complex housing need and supply

system. Earlier assumption was the every year there was a need of about 800.000 units of new different types of housing and the supply system can only deliver approximately 400.000 units (250.000 units by formal housing and 150.000 units by people) and therefore it was assumed that each year there will be an 400,000 units of deficit. To meet the complex housing finance needs and to ease government burden, a new approach in housing finance was introduced (2010) known as the *Fasilitas Likuiditas Pembiayaan Perumahan* (FLPP or Housing Liquidity Finance Facility). FLPP not only keep providing many kinds of subsidies for housing mortgages and down payment but also as system of revolving fund managed by the assigned national and provincial development banks with the National Saving Bank (*Bank Tabungan Negara*) as the leading fund management.

Initially, only those with income of less than twice the minimum wage were eligible to receive the subsidy. Less than that were considered as not capable to repay the loan due to their low income. House price was fixed at a certain rate depending on where the houses were built. Private Housing developers next to the National Housing Cooperation (Perumnas) were the intermediary institutions for people to reach the subsidized funding. The housing programmes attempt to reach as much area as well as islands³ as possible. For example in 2016 housing grant were given to 24 provinces and 71 cities and regencies. In 2017 the numbers increases to 31 provinces and 154 cities and regencies. Some of the local governments may be re-included if their project is a multi years financing. This year (2018) 32 provinces were served of the existing 34 provinces and 254 cities and regencies will be included. Most of this projects were financed through grant with complementary funding by local government fund and in the implementation will be assisted by a working group consist of NGOs and staff from local higher education institutions and established and financed by central government to work with provincial authority.

In drafting of housing financial assistance for the poor, government started by looking at existing problems. Four main problems and issues were identified such as unaffordability, availability of quality housing within price range that poor can access (assistance), sustainability of the financial system with long term maturity options and finally the limited available fund creates limited access for the poor to be assisted. For 2018 the fund available is Rps. 6,9 Trillion; sub divided in subsidy on interest rate, difference between public rate and what can be paid by low income people (Rps. 2,529,737 million), subsidy for down payment of purchasing a house (Rps. 1,378,000 million) and FLPP (2,180,000 million). The total houses to be delivered were expected to reach to about 600.000 units. Eleven state banks and private banks will take part in the disbursement of the fund. Earlier, government has set up Secondary Mortgage Facilities (SMF;2005) with the name PT. Sarana Multigriya Finansial that in practice cannot fully working in secondary housing market as it was also done by housing developers that deal with the prime as well as the secondary market.

Financial support to self-built housing or housing by people, is currently under review by looking at alternative possibility to involve pawnshops in the disbursement of fund for incremental housing construction. Low-income people are familiar to call on pawnshops when in need of money soon. Pawnshops, public and private has branches in almost every towns and cities, and has long experience in dealing and providing loans to low-income people and informal sector activities. The procedure to obtain loan is simple as in walk-in procedure. Public pawnshops need only government support by placing a certain amount of capital without interest, which is possible as pawnshop is a public entity and the fund can be withdrawn when the pawnshop has developed sufficient capital of its own. Low-income people that build their house need small sum of loan in perpetual way, much less than needed for ready-made complete house that have to be paid in the beginning and in full. National Housing Company (Perumnas) has branches in about 65 towns and cities and was encouraged to build housing coops where people can save fund for their (children) future house and can be swapped if move they from one place to another to meet their working assignment with adjustable price according to local rate.

Recently a People's Housing Saving law was enacted (2016 number 4). Starting this year as stipulated by the law, the system will start operation by having public civil servants as the initial members (about one million) and later followed by general public. Next the low-income people are encouraged to save part of their earning. Later when they intend to buy a house government will support them by providing grant to add to the saving so that the house can be purchased. In this respect local government are encourage to make sure that the intended housing should meet city plan, serving the needed permits, allocate zones for low income housing, further financial support, make data available for those queuing to buy a house, and make sure that the needed infrastructure were in place. However, the rate of saving has still to be agreed among representatives of the government, private enterprise and workers union that may range from 1% to 3% maximum, thus the law is still pending for operation.

³ Indonesia consist of more than 17,300 islands and about 30% is inhabited spreading wider than western Europe

5. Some good examples, practices, innovations, programs, cases and community initiatives that show some light and a realistic and possible direction

When the National Housing Cooperation (Perumnas) was established (1974) and started operation in 1976, low cost housing area that was built became as model for other low-cost high quality housing projects throughout the country. After the six days war (1967) when oil priced soured high and Indonesia received a large sum dollar (windfall profit) that need to be spent in the same fiscal year, housing has been chosen to absorb most of the windfall money. Government decided to build low cost housing and low-rise high density flats applying full urban standards and state of the art building technology. Foreign architects designed some of the flats buildings and was at that time hailed as the solution to future urban housing in country. However in no time the low cost housing was bought out by middle class people and merged 2 to 3 house into one house and served by good road to meet the urban standard. Due to uncontrolled modification and additions done to their flats, soon the flat buildings look more like a vertical slum, some worst than in landed housing slums. Government started to redeveloped the buildings not only to extend their lifetime but also improve the standards of the flats to meet current better condition and to meet the adequate number of flats needed. City government is also redeveloping flats building older than 20 years to meet the new standard without relocating the existing tenants.

People living in low-cost low-rise high density rental flats only pay rent of Rps. 10,000.- for the top floor and Rps. 45,000.- for the ground floor⁴. Water and electricity cost has to be added but still cross subsidized. The minimum wage for Surabaya was Rps. 2,300,000.- per month, meaning that housing cost in walk-up is extremely cheap. This way the inhabitants of the flats can save and in about six year time they can have their own house as by the time they managed to develop their social and economic network and increase the speed their social and economic mobility. Many have sent their children to universities and similar level of education and managed to have higher standard of housing compare to what they use to grow up. This the important aspect of the construction of low-cost walks up flats. In Surabaya flats building should at least consist of four towers. This allow the government to provide gardens, sub-health clinic, play ground, kindergarten, reading room, some time equipped with computers connect on line for kids to learn to use it with professional tutors, etc. At early period inhabitants from the initial place may stay for unlimited time, but not allowed to sub-let. For new inhabitants, they can only stay 3 times three years package. This policy has for the time being put on hold until a further study on the impact can be done.

6. The way forward

Paragraph 13 of the New Urban Agenda adopted in Quito (2016) described the vision of cities and human settlements in of eight elements, (a) Fulfill their social function, (b) Are participatory, (c) Achieve gender equality, (d) Meet the challenges and opportunities of present and future sustained, inclusive and sustainable economic growth, (e) Fulfill their territorial functions, (f) Promote age- and gender-responsive planning and investment, (g) Adopt and implement disaster risk reduction, and (h) Protect, conserve, restore and promote their ecosystems. This vision has mostly been met by several cities in Indonesia, including Surabaya that was chosen to host the PrepCom3 Habitat III (2016) and many other international meetings. The same situation applies to the Sustainable Development Goals (SDGs) that most goals have also been met by a number of cities in Indonesia. But still many towns and cities are far from meeting the condition as expected by the vision and goals mentioned above.

The important parameters for the future of cities and human settlements of no one is left behind in the vision as explained above should be set in a compact set of ideals that of a **humane** city and settlements where every inhabitants has not only a place to stay, but they need to be able to have a save and secure feeling and can pursue their goals in free and fair environment. The future cities and human settlement will be **smarter** on an unlimited time scale, always evolving in a better condition. Behind the state of the art of the ICT, the decisive element of smart city and smart human settlement is beyond the dependence on the sophisticated equipment, but on a better quality of smart people, especially for country still in development stage as Indonesia. Finally cities and human settlement should be wrapped in an **environment** that is natural, making the quantity and quality ever being better with no limit in time or place. All the elements for cities and human settlements of Smart, Humane and Ecological will continue to improve in unlimited time, space and quality.

Notes for reference: no official paper of reference is available. Most of the data and information was from meetings such as work shops, seminars or working meetings.

Johan Silas responds to TOM'S QUESTIONS 22-08-2018

1. Pawn Shop Housing Loans: In section 4, "Finance Systems for Housing Development", there is a short paragraph about a program to finance self-built housing by people using pawn shops to distribute the loans to individual borrowers. Can you tell me more about this program? Is it just an idea or has it actually been implemented? If so, how is it going? Any interesting results, or figures?

I have been promoting this idea for at least more than eight years now. Just two months ago, a housing research team (three persons) from the Commission for Human Rights had a more than two hours discussion with me. As housing is one of the basic human rights in the Indonesian constitution, they wanted to know how far it has served the low income people. My opinion was that as long as housing is served along the formal system, it will never effectively serve the low income people and I gave them the example of the role of pawnshops in disbursing financial assistance to the poor as most of them has still to built their own housing. I hope this report will receive encouraging support from the wider audience.

2. KIP figures: Do you have some cumulative total figures for KIP in Surabaya: number of families got secure land and improved housing in situ? Number of families got secure land and housing by relocation? And just a few budget figures - like total government subsidy for the KIP program, from the start - for on-site upgrading, and for relocation to those apartment blocks?

KIP in Indonesia, to include Surabaya is not an isolated programme or scheme anymore but a generic model for low income existing settlement. The general umbrella is that government has the full responsibility of improving the livelihood of low income people that mostly lived in low income settlements, the kampungs. Almost all towns and cities in Indonesia have some kind of KIP in their effort to deal with poverty issues and sub-standard housing. National government has supporting programme in eradication of slums and improving sanitary condition. The approach has moved from only in physical intervention to a more holistic approach of tangible and intangible housing issues. As Surabaya has more or less resolved the physical issues of low income settlements (basic infrastructure and well looked after the local residents) and free education and free health service is so far working well, people are willing and have the energy to improve their own economic status by doing in home based economic activities.

Although *kampung unggulan* or prominent kampung programme (transforming subsistent economy to urban market economy) only covers about 15 kampungs, by now more 50% of the existing kampungs covering to about 30% of the population have developed some kind of local economic activities with market to beyond the city due to the availability of the internet that is free of charged as well as training in the use of internet connected computers for promotion and marketing that city government made available in at least 40 location in low income settlements.

Budget for supporting the Lower Income category 2018-08-24

(Additional financial figures for this fiscal year for Surabaya on support to low income people mostly in Kampungs - exchange rate 14,600 rupiah = \$1)

TOTAL Development Budget for Surabaya2018		9,127,196,864,653
Marketing expansion	Training, certification, management, provision of stalls, promotion, monitoring	21,617,443,825
Micro Capital Strengthening	Facility for partnership	271,384.679
Product Standardisation	Facilitation for meeting product standard	1,850209,774
Strengthening Coops	Monitoring, raining, etc.	2,190,072,481
Quality Improvement	Product marketing, business development, standard certification etc.	2,154,283,094
Agriculture/urban infrastructure development	Availability of facilities for horticulture development	1,109,786917
Appropriate Technology Application	Training, seed development, HRD	2,997,531,835
Marketing Development	Marketing training and development	676,346,054

Prevention and Mitigation of cattle diseases	Service and prevention of cattle diseases	804,911,338
Development and provision of fishery development	Training, development, maintenance and promotion of fishery industry	3,837,294,023
Creative Industry Development	Development of creative house for multi purpose aim	4,254,696,650

3. 1,000 Towers Flat Programme: Do you have some cumulative figures for this program too? Number of units built, # units actually occupied, cost figures total and per unit, etc? Just to give a sense of how much is the public investment in this kind of housing approach, versus the more community-driven KIP?

The 1000 Towers Flat Programme was initiated during the first tenure of President Susilo Bambang Yudhoyono (SBY) around 2007 and at the end of the second tenure, the programmer managed to achieve no more than 25% of the targeted numbers. In the present government the walkup rental low cost flats is continued as part of the *One Million Housing* scheme. The calculation is not in the number of flats towers built, but in the availability of numbers of flats. Landed house for low cost housing is still developed in smaller towns where land is still available at reasonable price. For national government supported flat towers (now initiating the 15 floors tower) construction, local government has the responsibility in providing the needed land. In Surabaya flats buildings are clustered to at least 4 towers of each about 100 flats in four floors (ground for open space and social facilities). The higher the floor the cheaper the rent. For Surabaya the average rent per month per flat is around Rps. 50,000 for the flat only. To include all other expenses such as for security and water, electricity and waste management to amount reached to around Rps. 200,000 monthly. Regular cleaning and maintenance are the responsibility of the city government. Minimum wage in Surabaya is now Rps. 3,300,000 therefore Surabaya charged the lowest rent in whole Indonesia. Basically after five to seven years time, most of the renters can find their permanent accommodation as they were able to develop the social and economic network that make them survive in a city such as Surabaya. Other towns and cities charged much higher to reach Rps. 200,000 for the flat only.

Achievement of One Million Housing Programme (20 August 2018)

Target	Result	Institution	Programme	Achievement (units)
Low Income People 70%	Low Income People 65%	1. Government	Low Cost Rental Flat	364
		Public Work and Housing	Service Housing	NON
			Self Help Housing	40,984
			Total	41,348
		Local Gov		6,287
		2. Private Dev.		318,700
		3. By People		8,386
Total for Low Income People				374,721
Others 30%	Others 35%	Developers		197,665
		By People		10,262
Total Others				207,927
Grand Total				581,648

4. In Section 5, "Some good examples, practices, innovations..." - You describe how the good low-cost flats built by Perumnas in the 1970s got taken over by middle class families and deteriorated, then later were redeveloped. Is that happening now or happened a long time ago? Was the redevelopment for the middle-class families living there, or did they get evicted and poor families moved in?

In some cities such as Medan, Palembang and Jakarta one can find flat buildings constructed in the eighties that fit the definition of slum housing. At present in Medan a redevelopment programme for the old flats buildings is under way to transform the flats of the eighties that does not fit into the standard of NOW. Also

the physical condition is in bad shape and need a new structure to make it safe. Surabaya is also reviewing the flats building constructed in late eighties and early nineties. The flat of 18 m² will be transformed in flat of 27 m² and 36m². These flats managed to transform people in the lowest economic level to the middle level supported by the flats. As with the new flats building clusters, children play ground is available, to include preschool, health, religion facilities to include Broadband Learning Centre where everyone can learn to use computers on line with instructors and free of charge from 4 years old to adult. By appointment people from other parts of the city can use the facilities also free of charge as prt of the smart people programme for smart city of Surabaya.

In the next paragraph, you talk about people living in low-cost, high-density rental flats paying only 10,000 - 45,000 rupiah rent. Is that in the 1000 towers projects, or in the old Perumnas projects? Is that only in Surabaya? So is this public rental housing for low-income people? And the time is limited, they have to move out after 9 years? Can you explain more about this, and perhaps give some figures: number of units, cost to develop, etc. [See above](#)

1. Introduction

Dual ironies are going on in the landscape of housing-related issues in Japan. First, over last quarter century, neoliberal policies have changed the employment structure, resulting in the increasing number of people unable to get stable jobs and 40% of the total employment are now irregular, whereas the national economy is suffering from serious labour shortage, leading to informal, often unlawful, foreign workers on the increase. Second, the population structure has changed drastically having more and more aged people and smaller young and productive generation, leading partly to a large number of vulnerable households and poor families unable to afford housing in the market, whereas 8.2 million units or 14% of the total housing stock are left vacant and a number of land plots are abandoned.

Japan is a **tightly-institutionalized country**. All kinds of services are to be provided as statutorily specified, no ad-hoc action is allowed. Yet, post-war housing policies have been grossly characterized by market-oriented principles emphasizing "self-responsibilities" less dependent on the government institutions. Here lies another, more serious, irony in housing and settlement policies, namely, major social issues Japan faces today are born out of gaps in departmentalized institutional settings or dysfunction of stiff institutional arrangements, whereas the "liberalized" market mechanisms cannot solve the issues. An example is the difficulty in maintaining public and private service system in rural remote villages that are suffering from aging and depopulation. In fact, more than 3600 rural settlements are estimated to vanish in next decade or the foreseeable future. In inner-city public and private apartments too, residents who are old, alone and poor are left isolated. Equitable and inclusive settlement policies are acutely needed.

In the absence of effective institutions and inclusive market, one of only few viable options seems to be a non-governmental, non-profit, community-based sector involved in housing and settlement programmes with support from municipal governments. This sector is, however, not well-funded at all and still less active, compared with loosely-institutionalized societies and other post-industrial countries. How to vitalize a social space for communities to meaningfully interact with government and market and **to support less advantaged members is a key question to inclusive housing and human settlement** in contemporary Japan.

2. Post-war housing policies in brief

Before the Second World War, around 80% of urban housing stock was private rental (row house tenements in the Osaka area or small detached houses in Tokyo) which absorbed migrant workers from rural areas and new middle class families. Housing cooperatives were once encouraged in the 1920s with low-rate loan provisions from the government, but the loans were actually biased toward better-off members, many members moved out, or the cooperatives suffered from default. Due also to the shortage of government fund, the scheme was not sustainable.

Immediately after the war, there was housing deficit of 4.2 million units. Two major ministries were competing to administer post-war housing policies: Ministry of Construction and Ministry of Welfare. After the former won the game, housing has been considered an element of infrastructure development and investment leverage for boosting economy; it has not been integrated with welfare policies and a housing security viewpoint has been less emphasized until very recently. Thus the post-war housing policies consisted largely of three pillars: Government Housing Loan Corporation (GHLC), Japan Housing Corporation (JHC) and public housing.

GHLC

In 1950, GHLC was established to provide long-term, low-interest finance for families to construct or purchase houses. It became a prime mover of private housing market for middle-income groups nation-wide. For last 50 years, the owner-occupied houses have remained at around 60% in the total housing stock: a dramatic change from the pre-war period. GHLC somehow contributed to the upgrading of housing quality since its loans were provided only for dwellings that met certain standards.

In 2001, Koizumi became Prime Minister of LDP government. Initial popular support toward him was overwhelming, since he appeared to be attacking the central bureaucracy. He took a neoliberalist stance. Changes in the overall financial market took place, including the liberalization of housing loan interest rates,

leading to private sector financial institutions being activated in individual housing loans. GHLC was considered to be “distorting” the growing private housing market. In addition, the reform in the central revenue structure in terms of the treasury investment and loan programme, which was the source of funding for GHLC, was going on. The GHLC needed to move away from its traditional role as a direct lender and shift instead to a supplementary role in support of lending by private sector financial institutions based on market mechanisms.

In December 2001, the cabinet adopted a plan to dismantle and re-organize government and semi-government corporations, resulting in the abolition of the GHLC. In its place, Japan Housing Finance Agency (JHFA) was established in 2007. The core activity of JHFA is to support business sector through securitization, by purchasing housing credit receivables from private financial institutions and using them as collateral for issuance of “mortgage-backed security” to be sold to investors to raise funds. Thus, **housing has been more and more commodified and financialized as promoted by the government.**

JHC

The semi-government Japan Housing Corporation was established in 1955 when Japan was entering into a period of rapid economic growth. JHC was mandated to develop land and housing in a large scale to cater to the rapidly increasing urban middle-class workers and their families in big cities. At one time it produced some 80,000 units annually. Typical housing units were of 40-60 square meter floor space in five-story multi-family dwelling compounds in suburban areas. This introduced a new urban life style to Japanese people. Gradually its focus shifted from rental to houses for sale, in line with the government policy to promote owner-occupied houses.

In 1968, the total housing stock in Japan exceeded the total number of households. The policy priority shifted “from quantity to quality”. Since 1969, JHC became involved in urban redevelopment schemes on a significant scale. In 1999, JHC was merged into Urban Development Corporation, and it withdrew from housing production which should be, it was argued, left to the hand of private sector, and concentrated more on urban infrastructure. Again following the Cabinet approval in 2001 of a plan of restructuring public sector entities, the Corporation was abolished. The former JHC now functions as Urban Renaissance Agency, with the mandate to create urban conditions conducive to private sector investments and to induce their urban renewal activities. Thus, **both GHLC and JHC, representing the post-war publicly-funded housing supply system are no more housing providers and their descendants are working for housing market facilitation.**

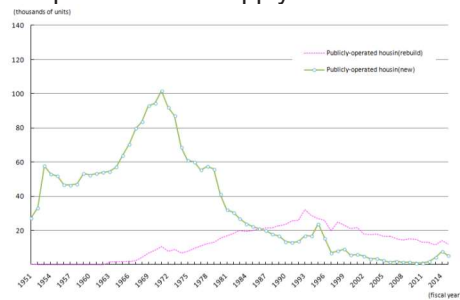
Public Housing

In 1951 the central government established a scheme to provide grant subsidies to allow local governments (provincial governments and municipalities) to construct low-rent housing for local low-income groups. The local government sets monthly rents and selects occupants. To qualify for public housing, individuals must meet income criteria issued by local ordinances and testify their inability to fulfil their housing needs in the market. Hence, public housing was inherently of residual character, not in the mainstream, in Japan's housing policies.

Yet, the public housing has been almost only government measure of securing housing for the poor. New construction of public housing reached a peak of over 100,000 units annually in 1972 nation-wide. Since then, the government has been withdrawing from public housing and the number has recently fallen to around 16,000 units per year, of which about 90% are rebuilt units, meaning that new public housing construction is practically none these days (See the Figure). The total public housing amounts only to about 2.2 million units, less than 4% of total housing stock. **It hardly warrants housing security for less advantaged citizens.**

Not only the public housing construction, but also the income criteria of qualification for applying for public housing has ever been downgraded. In the 1970s, it was planned that the income bracket of the lowest 33 percentile be the target of public housing. In 1996, it was revised to 25 percentile, as neo-liberalists further attacked publicly funded housing. In the wake of recession, however, more people became poorer and the same income criteria meant the lowest 36 percentile became eligible for public housing. Number of applications increased and selection became very competitive. Then the government lowered the income criteria so that the planned coverage of 25 percentile could remain (source: Yousuke Hirayama). The government thus institutionally manipulated the coverage of low-income people, and limited the access of the poor to public housing. Such practices have been repeated. Only one to 10 or 20 applicants can get public housing through highly competitive lottery, and more cannot be institutionally qualified even to participate in the lottery. Local governments are authorized to modify the criteria, but municipalities of large cities, where demands for public housing are very high, are hesitant, afraid of their inability of catering to the needy citizens.

Graph 1: Annual Supply of Public Housing



Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

Housing Safety Net

Housing insecurity has been mounting recently among poor and disadvantaged people, such as those single elderly individuals, disabled persons, women-headed households, homeless people and non-Japanese workers. In the absence of government rent subsidy and housing security programmes, landlords were expected not to evict renters once rented, under the strict rental tenure control act. This made owners extremely cautious not to rent to vulnerable people who might be “potential trouble makers”. A survey shows that 80% of landlords or their agents are reluctant to rent rooms/houses to those people. In addition, as mentioned before, many low-income families are denied access to public rental housing.

Faced with this situation, the government introduced “Act concerning the promotion of rental housing supply to people requiring consideration to secure housing” in 2007 (revised in October 2017 and then often called “new Housing Safetynet Act”). Its unique characters are to promote the use of the existing empty housing stock in the private market for low-rent publicly-controlled rentals, encourage private sector and non-profit organizations to play major roles, and to establish local “housing support councils” under the leadership of municipal government.

Landlords are encouraged to register with the local authorities their vacant units as “safetynet housing”, then they are entitled to subsidies for building renovation and house rents. Local enterprises and NGOs can be designated by the provincial governments as “housing support agents” and extend advice and support in terms of search for rooms, job opportunities, care-taking, and rental liability guarantee arrangements.

The government set the target of safetynet housing registration to be 175,000 over a period of 3 years and a half until March 2021. The figure appears too modest compared with the huge demand, and yet as of end April 2018, after half a year of the implementation, it attained only 622 in the whole country. Only 33 housing support agents have been appointed. Rent subsidy provision in safetynet housing is to be shared among central government (1/2), provincial government (1/4) and municipality (1/4). It is said that many local authorities are reluctant to budget rent subsidy for the poor constituents.

In fact, the practice of government-funded rent subsidy is a quite new idea to Japan. Rent subsidies and company-supplied houses have been mostly practiced by larger corporations for their employees. Once employees leave companies, they also lose housing.

Yet some local authorities became active, trying to take advantage of the housing safetynet scheme. Osaka provincial government modified the minimum floor area qualified for safetynet housing, as standardized by the central government, so that smaller housing units may also get registered (source: Sumikazu Asakawa).

Though limited, Housing Safetynet is a new move in Japan's housing policy, particularly in terms of introduction of a rent subsidy scheme for the poor and the combination with life-support care system. It also hopefully promotes a social space for non-government community-based sector to play an active role in housing security.

Another serious issue relative to current housing insecurity is with disaster victims. After the Fukushima nuclear accident in March 2011, the provincial government provided compensatory housing to all evacuee families while Tokyo Electric Power Company refused to pay reparation to “self-initiated evacuees” coming out from specifically designated areas. But in March 2016, compensatory housing provision was terminated, at that time there were some 80,000 evacuees staying in and outside the Fukushima provincial area, out of which 27,000 were “self-initiated evacuees”. They are now being urged to leave housing, forcibly evicted, or prosecuted on account of rent arrears.

3. Current trends of housing and human settlements: from some statistics

Population and age structure

Since 2010, Japan's total population has been decreasing and it stands at 127 million in 2015. Particularly noteworthy is its aging rate (% of population aged 65 or older) at 27% being the world top, and the fertility rate (number of children given birth by a woman in the whole life) at 1.4 being the 179th in the world.

Thus the age structure has become extremely skewed and weaken the family structure. The implications are (1) that less people must support human settlement system and welfare services, and (2) that more people become vulnerable and isolated. As of 2010, 10% of aged (65 or older) male population and 20% of aged female population live alone. They can maintain little interaction with others, often they die in their apartments noticed by nobody. The absence of social elements in housing is very conspicuous in the present day Japan.

Employment and social exclusion

In the labour market, irregular employment (part-time workers, seasonal workers, personnel with instable contracts, temporary staff etc.) has been increasing twice over last 25 years, now constituting 40% of total employment, whereas a majority of labour force in Japan was traditionally considered to consist of life-time permanent employees loyal to a same company.

Instabilized labour market and weakened family structure led to the situation where the social assistance recipients from the government has been increasing twice over last 20 years, now it amounts to 1.6 million households, the highest in the past, nearly half of them are aged single householders. Another striking figure indicating social exclusion tendency is that the number of mentally-disabled people in hospital beds, standing at 320,000 in Japan, accounts for 20% of the world total; they are alienated from local communities and confined in institutions.

Traditionally, Japan's life support security system has been largely covered by the corporate sector rather than government, based on "standard family" model. It led to companies very cautious not to recruit "vulnerable" people having risk of social security costs incurred. This results in a serious gap between enterprises suffering from labour shortage and a large number of unemployed vulnerable people (aged, disabled, women-headed, poor, former homeless etc.) outside "standard families".

Urbanization and housing

Japan's local government system consists of 47 metropolitan/provincial governments and 1741 municipalities (cities, towns and villages). The role of local government for development is to select subsidized projects out of sector-wise menu schemes prepared by the central government, implement them and at best, coordinate the line agencies, modify their rules to cater to local needs.

The population is decreasing in almost all provinces except those in the Tokyo metropolitan area. Almost all cities, even including Tokyo, are competing to get and retain their inhabitants for the city's survival. Big cities can be selective and welcome only wealthier people; hence design-wise, public spaces in the cities tend to be engulfed in rich compounds privately, or commercialized exclusively. Provincial cities, in the past, maintained substantial concentrations of population and activities as regional centres. However, due to demographic aging and local economic stagnation, many central areas of provincial cities are suffering from depopulation and closing down of retail shops.

A government survey in 2015 was addressed to 1028 municipalities that contained some 75,000 remote rural or geographically-disadvantaged settlements. Out of this, it identified more than 15,000 settlements where more than half of the population are aged 65 or older (which are called "critically aged settlements"). It was then estimated that **3614 rural settlements are liable to vanish (to become a zero population community) in 10 years or so** (570 settlements within 10 years, and 3044 settlements will disappear sooner or later in the foreseeable future, because of depopulation. On the other hand, in some of the large-scale residential sites in big cities, mostly developed in the 1960-1970s to accommodate young industrial workers and their nuclear families, now their new generations are moving out and older people are left behind; **showing the same trend with rural remote villages in terms of age structure and difficulty in maintaining social services and community life.**

In 2003, the number of homeless population living in blue-plastic or cardboard tents was 25,000 nation-wide (6,000 in Tokyo). The number came to 6,000 (1,200 in Tokyo) in 2017 (according to the government's day-time survey just by sight, but an NGO claims the real count including those sleeping on street only at night is at least twice more). In fact, recent homeless people are less visible, sleeping in internet cafes (called "net-cafe refugees") after loosing their houses. Tokyo Metropolitan Government estimates the net-cafe refugees

to be around 4,000 in Tokyo.

Yet, 8.2 million units or **14% of Japan's total housing stock are left vacant** and a number of land plots are abandoned.

4. Some cases: how to fill in institutional gaps in a *tightly-institutionalized* society?

Rural governments' initiative for sustainable and inclusive human settlements

How to fill in institutional gaps in a tightly-institutional society? An example of such gaps is a lacuna in the social service system in rural remote villages where often half of the population are aged 65 or older, many of whom are alone and living scattered in very steep areas. The government-supported long-term care services contracted to local implementers are not financially viable: for instance, a visiting nurse cannot spend long hours in travelling to visit a next client, as, according to the regulations, her travel time is not accounted for. Here is an institutional gap in mountainous areas.



Rural settlements in a remote village in western Japan



An old female farmer at her farm

Furthermore, daily shopping places and public transport are rapidly disappearing, since the institution called market does not work here due to depopulation. Another difficulty is community water supply, which requires regular maintenance by younger folks to climb the hill and clean the water source. Traditional mutual aid institutions do not function, since there are no more critical number of younger people to maintain the settlements. Neo-liberalists' prescription would be to make every individual "self-reliant" and send them to the market, so that their livelihood be restructured on a "self-responsibility" basis. But, such a prescription seems to overlook a basic premise for one to be able to become self-reliant.

In this vacuum, however, there is an attempt in a small rural town in western Japan. The town government introduced a programme of "collecting harvests at your garden". There is an increasing number of old, single and isolated farmers, both male and female. They have difficulties in bringing their agricultural products to the market, and gradually losing interest in cultivating farms and staying idle and alone at home, leading to mental and physical degradation. A team was established by a local small company under subcontract with the local government, and assigned to drive a small vehicle through narrow, winding and steep roads to reach farmers one by one every morning, collecting agricultural products to transport to inner-city sales outlets where consumers may come to buy "crops with a human face" less standardized but fresh and reasonably priced.

An 80-year-old female farmer Mikiko Miyata (pseudonym) expressed her interest and delight in participating in the market after joining this programme, as follows:

"Since my husband died, I have been growing vegetables basically for self-consumption, I have no transport to town. I may give surplus harvests occasionally to neighbours and may be thanked, but I don't know whether they really like them. Now I can deal with the market. It gives me meaning of work to know there are someone willing to pay for my harvests. It's enjoyable."

Collectors, recruited from the same village, are officially called "business partners". Their business is to transport whatever crops their custom farmers wish to sell, and to return the proceeds back to the farmers in the evening charging small fees. It is significant that old farmers are thus encouraged and enabled to go back to their farms and the productive population of the village is maintained.

This approach is, however, not to make re-entry of aged people individually into the working force and to treat them as a lone participant in the "standard" market. The work of business partners does not seem to be

only business-oriented. They actually perform social support functions for old farmers, by daily watching on the health status, bringing outside information, listening and talking, and occasionally assisting in shopping.

On the other hand, Ms. Miyata also expressed her considerate thinking:

“Even without marketing of my crops, I could somehow maintain my minimum livelihood on small pension. But there are younger farmers in this village who are engaged exclusively in farming and make living. I try not to disturb them, not to price much lower than theirs, sometimes restrain myself from sending my crops.”

Her cucumber may not be thick and straight enough to the market standards, and may be a little bent. In spite of this, or rather, just because of this, **there seems to exist a domain of intermediate farming market** where farmers can bring crops un-uniform in size, quantity and timing. This domain between the globally standardized market and the individual old farmers, is **sustained by mutual support and consideration, through reorganizing human relations of village people.**

The town government initiated this venture with a view to maintaining sustainable and inclusive human settlements where residents, a majority of whom are old, often isolated and weak, could “live in dignity” until last days of their life. A subcontracted community-based company, implementing the scheme, were relatively free from administrative bureaucracy and able to link between job creation and health concerns, and through revitalizing human settlements. A social space was created by collectors as agents between individual farmers and standardized market. This enabled old farmers to interact with other community members, local authorities and market.

Place-making in urban housing sites: BURAKU IN ASAKA, OSAKA

Yamamoto-san, died of cancer in 2015, was a noted activist from the discriminated *buraku* community of Abiko (pseudonym) in Osaka. While he was leading buraku liberation movement since the 1960s, his last dream seemed to revitalize his own community of Abiko.

In the 1980s, the Abiko branch of the national Buraku Liberation League (BLL) under his leadership successfully negotiated with the local authorities for removal of a large train yard and for on-site construction of public housing. However, Yamamoto soon realised that the national BLL strategy of pressuring the government to deliver services and subsidies on a preferential basis could not be sustainable and lead to the dependency on the government, and searched a new strategy for collective self-reliance. Hence, he and his colleagues in Abiko brought about new dimensions to buraku, mobilizing community assets, motivating people to contribute, establishing community enterprises, setting up nursing homes and other welfare establishments, and managing community centres, small shops and public bath, many of which were located on municipal lands.

Such community management was conceived as part of buraku liberation movement, and community business was one of its tools. First, a small company was established, and it recruited community members and obtained contracts from local authorities for the maintenance of public space and housing. Yamamoto foresaw that the government’s buraku-specific assistance, which was made possible in the 1970s by BLL’s long struggle with the government taking official responsibilities to improve buraku settlement and rectify unequal treatment, would be terminated someday, while it would be increasingly difficult for BLL to protect the members in all the livelihood matters. It was also evident to him, however, that it could not be a solution to instantly throw individual members torn apart into the globalized market and drive them to be “self-reliant”. Their community business implied the creation of a community-managed economic space, which offered an opportunity for community members to learn and work together and through which they obtain access to the market, in the face of retreat of institutional support.

Indeed, the 30 year-long special subsidy programmes were terminated in 2002, and buraku communities could no longer expect government assistance. Furthermore, the government is pursuing market-oriented neo-liberal policies, while the Osaka mayor has been privatizing municipal land and building in burakus and other low-income settlements, threatening collective space and opportunities so far managed by local communities. A number of “community liberation centres” (rinpokan) and a various types of facilities for youth and for the aged in buraku settlements in Osaka have been closed down or “integrated” with other public facilities by the city government in the name of municipal financial reform. Public baths, small shops and other community-level facilities are also out of operation these days. Large vacant plots are here and there within communities and a very few number of people are seen along the streets. Abiko community is not an exception.



Abiko community before improvement



After improvement, but now almost deserted and
rinpokan (community center) building privatized

Moreover, an amendment was made to the Enforcement Order of the Public Housing Act in 2007 that applied income-adjusted rents more severely to buraku communities. Those buraku people with relatively better income have now been disqualified for buraku housing, hence active young buraku families have opted to leave buraku areas rather than paying the increased rents of their existing houses, while low-income elderly people are left behind in old small public housing units in buraku communities. Consequently, many inner-city buraku communities including Abiko are now half-empty, and a majority of residents are old, alone and poor. Such running down of inner-city settlements and weakening of community functions conspicuously represent urban problems in present-day Japan.

Faced with such community impoverishment, Yamamoto took a new initiative to create a “collective place to stay” in the midst of the settlement. The community obtained the city’s approval for rent and re-use of a vacant public housing unit. The BLL Abiko branch, a local human rights association, several welfare establishments in the area and community groups financially contributed to the physical renovation of the space, with partial support from ACHR/ACCA. In August 2013, a community cafe called “cosmos” was opened for the aged and youth to gather, enjoy local traditional foods and play, and to participate in house maintenance consultations, etc. It is almost always full house with some 20-30 people, particularly elderly residents, who visit and talk every day.

But the real intention of the late Yamamoto went further beyond. When the government programme for buraku improvement was massively going on in the 1970s-80s, their *rinpokan* was a place of integrating government support services and buraku liberation movement. Now that the central government ceased to finance special buraku programmes and local authorities close down community facilities, *rinpokan* functions are rapidly disappearing in buraku communities. Yamamoto said,

*“We plan to occupy other vacant units as well, expand “cosmos” functions in and outside our community and add a life support consultation centre. We cannot neglect old lonely citizens in our community. Nor can we ignore those outside the community who suffer from various forms of discrimination against women, against elderly people, against the disabled and against those in poverty. We have become aware of them because we have been discriminated. We want to revive a *rinpokan* of our own for our community and neighbouring communities.”*

Rinpokan, to his mind, was not only a physical facility nor a service delivery centre, but it was fundamentally **a social space that promotes and protects people’s interactions as well as mutual support, eventually for liberation**. Abiko community is thus attempting to redevelop a diverse settlement consisting of Buraku and non-Buraku people, old and young.



Community cafe “cosmos”, with Mr. Yamamoto

standing on the left (photo credit: The BLL News)

5. Concluding remarks: “intermediate social space” for community management

Looking at the population decrease, aging, instabilized employment and social isolation, a scope of the current housing issues in Japan should go beyond individual housing and service provisions. More critical is to deal with **settlement policies to (re)establish inclusive and sustainable living in a community** (as a community) in both urban and rural contexts. In re-organizing settlement patterns, there is a need to promote mutually supportive community care in housing and welfare, involving vulnerable groups in the community.

Government programmes and market transactions are not really solving Japan’s housing and settlement problems. Both government service and market penetration are addressed to individuals. Top-down, unilateral service delivery sees individuals only as objects of institutional interventions, while market sees them only in terms of purchasing power or labour force and is bound to be selective of the participants, therefore tends to widen the disparities (Fig. 1). Collective elements need to be revitalized to fill in the gaps.

Where institutional arrangements give rise to gaps or are practically non-existent or when we aim at “transforming the world”, developmental work can hardly be based only on a rigid institutional system and should be addressed more to community solutions. In so doing, the crux of developmental work and community support would lie in (re)shaping of a **community-based intermediate social space consisting of human relations, physical places, joint activities** (such as groups, organizations, community funds, intermediate market, community centres). In this space, community actions are prompted, and through this space people are meaningfully linked to the outside market as well as government services (Fig.2).

Figure 1. Institutional Model of Housing and Social Services

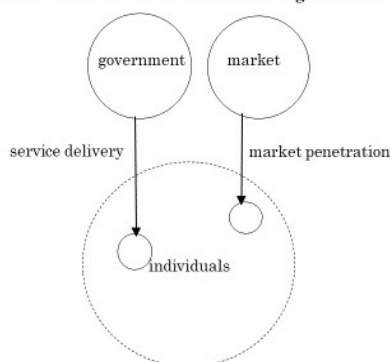
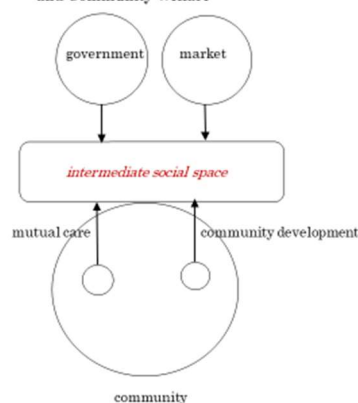


Figure 2. Developmental Model of Housing Service and Community Welfare



Community-driven planning is alive and happening in Japan

For a long time, urban planning in Japan has been highly centralized - first in the laying out of imperial courts, feudal castles and the towns which served them, and later in the developing of big infrastructure to serve the country's growing industrial development. But in the 1970s, growing concern about urban environmental problems like air pollution, fires, earthquake safety and loss of historic neighborhoods began opening space for greater local involvement.

Machi-zukuri ("participatory town planning" in Japanese) is a concept which emerged from a few seminal redevelopment projects undertaken in the 1970s by poor communities who wanted more say in how these problems were dealt with in their neighborhoods. These projects became very well-known and inspired other communities to do participatory plans of their own. Machi-zukuri was gradually incorporated into national town-planning policies through a series of new laws and regulations. First, neighborhood consent-based building control was instituted in 1976, then district-wide planning was introduced in the revised City Planning Law in 1980. This prompted many municipalities to adopt local machi-zukuri bylaws, since rules about how district-wide plans are implemented are made locally. Finally, three Machi-zukuri laws were established in 1998.

Real and fake machi-zukuri: Institutional mechanisms to support community-driven redevelopment now exist, and communities in all Japanese cities can take advantage of them. But relatively few do. In fact, a lot of municipal machi-zukuri projects being done these days follow the same old top-down planning style, with only a token "participation" of the people who live there. Real machi-zukuri takes a lot of time and requires strong communities and good professional support. In the following pages, we'll look at three good examples of the real Machi-zukuri.

How Machi-zukuri works: Machi-zukuri is a central government policy which provides financial and technical support to communities wanting to redevelop their areas through a collective, participatory planning process. The policy is centralized, but the implementation is decentralized and highly flexible. Local governments can develop their own procedures for how to support communities wishing to do machi-zukuri style planning and how to distribute budgets. The national government often supports two-thirds of the cost and local governments support one-third, but cost-sharing between central and local government is also negotiable, depending on the nature and scale of each project. Machi-zukuri projects are all different, but the policy usually provides:

- Funds to support the community design process, including salaries of the planners or architects the people select themselves to provide technical assistance.
- Funds to buy land from land-owners in areas being redeveloped for constructing infrastructure and public amenities.
- Funds for the construction of public infrastructure and facilities, usually by private contractors hired by the municipality, according to local standards and bylaws, but according to the community's plans.
- Subsidies to encourage people to reconstruct their houses using fire-proof materials in which the city "buys" the old structures that are demolished as part of the people's redevelopment plans.

Photo caption: *"A lot of what is called urban development in Kobe City is really a process of taking away what used to belong to its citizens and selling it for a profit. The main thing we are trying to do in Mano is to not destroy this community. We're just helping people to do what they want to improve their own place. In our version of urban development, Mano's 2,000 families don't have to change their own history."*

Machi-zukuri and Japan's Buraku Communities

Five hundred years ago, Japan's feudal society was organized into a strict caste system of warriors, artisans, farmers and merchants. Those who slaughtered animals, dug graves and worked leather (thereby becoming tainted with the impurities of death) were the system's "untouchables." Called first eta (filth) or hinin (non-human) and much later buraku (villagers) or dowa, these outcasts were forced to live in squalor, poverty and social exclusion in designated settlements on the outskirts of towns and cities, where they were easy targets for abuse.

Discrimination against the Buraku was outlawed in 1871, but mistrust and hostility continued right up to the 1960s, when pressure from the Buraku's long-standing liberation movement induced the government to launch a series of special programs to help improve the lives and settlements of the Buraku.

Besides improvements to education, employment and welfare, these programs provided support for the physical upgrading of Japan's 6,000 Buraku districts (representing some 3 million people), in which government budget was passed directly to the Buraku Liberation League (BLL) branch in each community. Two-thirds of this money came from the national government, and one-third from the local government, but it was up to each community to negotiate with its local government and decide how to plan and implement the projects.

Many less-active communities were content to let local governments take charge of upgrading their settlements, and most municipalities were only too happy to take on these lucrative construction projects. But some Buraku communities, like those in Asaka and Misaki (described briefly in the following pages) took advantage of provisions which allowed them to develop a variety of improvement projects themselves, in a more participatory style.

Through these early community-driven upgrading projects, Japan's Buraku communities played a pioneering role in establishing the institutional and financial arrangements for the machi-zukuri facility, and became test-cases for the model in which communities design and implement their own redevelopment and local and national governments support. Even today, community-driven planning continues to be most visible in Buraku settlements around Japan.

Machi-zukuri in practice: Asaka

In the 17th century, a huge civil project to straighten the Yamoto River, in Osaka City, drew poor laborers from all over Japan, including hundreds of Buraku. After the work was finished, the Shogunate allowed them to settle along the banks of the newly-straightened river. That was the birth of Asaka, and in the coming centuries, this Buraku community remained an impoverished and unserved slum of wooden shanties, geographically isolated from the rest of the city to the north.

When Asaka's Buraku Liberation League branch was organized in 1965, it might have been easy to blame all the community's problems on the government and expect government to solve them. But gradually, this resolute community began to realize that the government's new Buraku-support programs gave them an opportunity to decide for themselves how they wanted their community to be. Asaka became Japan's first Buraku community to explore machi-zukuri style community planning, and its efforts created ripples that went far beyond the community's boundaries.

In the 1960s, community participation was unknown territory in Japan, so Asaka had to make up the rules as it went along. They began by negotiating for local government funds to survey their community, looking carefully at existing housing, occupations, education and health conditions and researching the new policies to help them improve these conditions. Under Asaka's charismatic leader Yamamoto-san, the community invited professionals, students, municipal officials and Buraku leaders from other areas to join the survey process, and used data they collected to create a common understanding about problems they faced and a common vision of what they wanted to change. The survey became a means to organize their community internally and to build a support base externally.

With the help of technical consultants they recruited themselves, they then set about drafting a master redevelopment plan for Asaka, which went through many cycles of discussion and adjustment in small groups and large meetings. The final plan was eventually approved, funds were released and construction work began. Asaka's ramshackle houses were replaced by 3-story blocks public rental flats in the early 1970s, its mucky river banks by concrete embankments, broad avenues and tree-lined sidewalks where elderly ladies walk their poodles. Next came parks, tennis courts and an ornate Shinto shrine. Before redevelopment, there were 900 families in Asaka. About half of them moved into the rental housing, and half opted to take the government compensation and leave the area.

Asaka's planning later reached beyond their own settlement and encompassed needs beyond the physical. After leading a successful movement in the surrounding Sumiyoshi Ward to get the a big train manufacturing yard removed in 1987, Asaka worked with other non-Buraku communities in the ward to develop a participatory master plan for this newly freed-up land. Most of the projects in the plan are now complete, including a clinic, elderly housing, a community center, a park, a public bath-house, a history museum and a junior high-school - all built according to people's plans, tapping various government subsidies and programs. Since the 1980s, Asaka's BLL has also launched a series of innovative community enterprises and social welfare programs to provide jobs for the community's unemployed, to care for it's elderly and handicapped and to provide a sustainable source of funds for their ongoing development activities.

1. Introduction

During the 1980s, South Korea (hereafter Korea) was unfortunately known to be a representative country where housing rights were violated. Housing violation cases occurred mainly in urban and residential redevelopment areas. Many of the poor tenants were forced evicted and there were no alternative places to build a new substandard settlements in the outskirts of the city. Decades later, housing rights violations have not occurred as often as in the 1980s. Still, it is hard to say that poor and socially vulnerable groups such as poor tenants are guaranteed housing rights.

Korea has been implementing various housing policies for over half a century, including public housing for the vulnerable. It is difficult to deny that the overall level of housing has improved greatly through the development of various social welfare programs and overall economic development. Unlike in the past, substandard settlements of the city have almost disappeared through the city redevelopment project.

In the 2000s, new housing poverty emerged and their housing rights issue became a social issue. For example, groups of the elderly over the age of 65, persons with physical disabilities, and poor one-person households are becoming policy targets. They mostly live in homes that do not meet the minimum housing standards. There is not enough public or alternative housing for them. They are suffering from unstable housing and need policy consideration to secure housing rights. In this country report, I will discuss the housing policy experience and future policy alternatives centered on these vulnerable groups.

2. Housing situation

Korea's overall housing conditions have improved substantially since the beginning of the 1980s, as can be seen from the key indicators summarized in Table 1. Overcrowding, as well as the quality of dwellings and facilities, has improved remarkably. With respect to housing types (structure types), traditional single-story family dwellings has been quickly replaced by high-rise apartments (Table 2). The substantial increase in apartments in urban areas is remarkable; this type of housing development represented only 2% of the market in 1970, but its share among all housing types had increased to 59.9% by 2015, signaling a significant change in housing pattern and norms in Korean society.

Table 1 Housing conditions in Korea

	1980	1990	2000	2015
Housing supply ratio (%)	71.2	72.4	94.1	102.3
Dwellings per 1000 inhabitants	142.1	169.5	248.7	383.0
Per capita floor space (m ²)	10.1	13.8	20.2	33.2
House price-to-income ratio (Seoul)	N/A	N/A (9.2)	5.0 (7.9)	6.6 (9.4) ¹

Note: 1) 2010

Sources: Korean Statistical Information Service, Housing Census, various years.

http://kosis.kr/eng/search/search01_List.jsp (Retrieved May 3, 2016)

Table 2 Dwelling Stock by Housing types, 1970-2015

Unit: No. of dwelling units, %

	1970	1995	2015
Detached house	254.1(89.7)	4,490 (46.9)	3,974 (24.3)
Apartment	31(2.2)	3,610 (37.7)	9,806 (59.9)
Row house	93.2(6.7)	1,122 (11.7)	2,383 (14.6)
Etc ¹	19.2(1.4)	348 (3.6)	204 (1.2)
Total	1,397.9(100.0)	9,570 (100.0)	16,367(100.0)

Notes: 1) Dwelling units in the building not intended for human habitation and living quarters other than housing units. Sources: Korean Statistical Information Service, Housing Census, various years. http://kosis.kr/eng/search/search01_List.jsp (Retrieved May 3, 2016)

Korea has a unique and dynamic housing tenure system consisting of owner-occupancy, Chonse (or Jeonse)¹, Bojeongbuwolsse, and others² (Ha, 2002, p.197). The proportion of owner-occupancy in the country as a whole has declined from 63.6% in 1975 to 53.6% in 2014. Ilse is a new type of rental housing or accommodation system for the lowest income groups and the homeless. It is a daily rental system in which people can rent a room, bed, or bed hours in a boarding or rooming house or an illegal inn. With respect to the income levels of different tenure types, homeowners generally earn higher incomes than the other tenure groups. The lowest income households usually have the Sakwolsse or Ilse arrangements

Data from the Minsnail Union³ shows that 14.4% of young people in their 20s to 30s, or 1.38 million, live in a basement floor, rooftop, Goshiwon⁴ accommodations.⁵ Housing poverty rate of youth household include college students are well shown in Table 3. In 2016, housing poverty rate of youth in their 20s and 30s were 14.3% and 19.8% for those who live in the metropolitan region. In particular, housing poverty rate of single youth household were 27.8% in 2016. Housing poverty rate of youth living alone in the metropolitan area were 40.7%.

Table 3 Housing poverty rate of youth household

Region		2012	2014	2016
Overall		10.2	8.1	9.9
Youth household (Single youth household)		12.2 (29.6)	10.5(4.1)	14.3(27.8)
Metropolitan region	Overall	10.6	16.9	10.9
	Youth household (Single youth household)	16.0(38.1)	8,3(14.3)	19.8(40.7)
Nonmetropolitan region	Overall	9.9	7.9	8.9
	Youth household (Single youth household)	7.4(19.2)	6.1(6.9)	8.1(11.6)

Another housing poverty group is the elderly one-person households. Korea is turning into an aged society relatively late compared to some Western countries, where the proportion of the aged population exceeded 10 percent in the 1960s. Korea has been experiencing rapid aging of its population and declining fertility, slowing population growth and shrinking household sizes.

¹ Chonse (or Jeonse) is a rental system in which the tenant pays a lump sum to the landlord and receives the same money back when he or she leaves the rental unit. The landlord will usually invest the lump sum, and the interest earned represents the imputed rent. Landlords benefit during prosperous times by investing the deposits, generating good returns. Renters also benefit by not having to make monthly payments for the duration of the contract.

² Bojeongbuwolsse is a kind of rental involving a security deposit and monthly rent. At the beginning of the contract period, the tenant provides a refundable deposit and pays a monthly rent. In case of non-payment, the rent is deducted from the deposit. Sakwolsse is a type of declining Chonse. The tenant makes a one-time deposit from which a given amount is deducted.

³ Minsnail Union is a civic organization formed by young people to solve housing issues that today's young generation faces in Korea. Minsnail Union work for building non-profit housing models, improving systemic housing conditions, and striving for Youth housing right and Housing inequality. Currently there are 800 members joined in Minsnail Union.

⁴ Goshiwon is a low-cost, single-roomed accommodation with no bathroom and kitchen which are under minimum housing level. The group using Goshiwon can be roughly divided into three categories. The first group is the examinee/students, the second group is the young single worker, and the third group is the urban poverty group such as the elderly, disabled, basic livelihood guarantor, and low-wage and unstable workers. As such, the Goshiwon has become an unstable residential facility for the urban poor who show a single-person household style.

⁵ <https://youthhub.kr/hub/activity/16326>, (retrived March 21, 2018)

For the first time ever, Korea has more old people than young people. The latest census statistics (2015) from the government show that the number of elderly people in Korea, defined as those aged over 65, hit 6.8 million in 2015, comprising 13.6% of its total population. Korea's old-age dependency ratio is forecast to surge 3.7 times over the next 35 years. According to data by the Organization for Economic Cooperation and Development (OECD), the ratio of the country's elderly population aged 65 and over, compared to the number of people of working age between 20 to 64, is projected to reach 72.4 percent in 2050. As of 2015, the comparable ratio was 19.4 percent. The data means 100 working-age people would be financially responsible for 72 senior people by 2050. Korea placed 32nd in 2015 in terms of the ratio among 35 OECD nations, but its ranking is forecast to soar to fifth in 2050, after Japan, Spain, Greece and Portugal. South Korea's growth forecast ratio was the highest among OECD nations, whose average was 1.9 times for the same period.⁶

Population aging creates additional challenges to housing policy. Providing adequate housing for the elderly requires modifications to physical design in new housing and retrofitting existing houses to make them safer to live in. Another major concern about population aging is the high incidence of poverty among the elderly. About 35% of elderly people, many of them living alone, are in absolute poverty based on the disposable income criterion. The relative poverty rate among people aged 65 years and above is 49%—more than three times higher than the rate for all age groups, which is 15% (Lim, 2015). In light of the large percentage of the elderly population in relative poverty, providing affordable rental options is another important task of housing policy. The traditional expectation that children will perform their filial duty and look after their parents in old age has stifled the emergence of a welfare state able to cope with Korea's rapidly ageing society,

3. Korean Experience and Policy Implication

It is necessary to examine the role of the governments for the low-income families and to explore the public housing (or state-developed housing) sector and the housing poverty groups. I am here to discuss the government's policy program from three perspectives. The first is the public housing programs. The second is the setting of the minimum housing standard and the policy implication. And finally, I will discuss the legal arrangements for the stabilization of the housing of the socially vulnerable groups

1) Public housing

In Korea, there are three categories of policy measures have been adopted for the housing needs group: (1) public housing provision, (2) the control of housing prices and sizes, (3) financial assistance to home-buyers and tenant households. In this section, it will focus on the public housing provision and the direct financial assistance.

In the late 1980s, comprehensive housing development planning by the central government of Korea was instituted to determine the extent to which national resources should be allocated to public housing development for the poor. A permanent public rental dwelling program was launched in 1989, and represented the beginning of a social housing tradition directed to low-income households in Korea. In the late 1980s, the government formulated a five-year housing supply plan for the purpose of constructing two million dwelling units between 1988 and 1992. The government allocated 900,000 units out of the two million housing plan for low-income families. It was in this circumstance that the government drew up the plan to provide 250,000 permanent rental housing for the lowest income families. Although after 200,000 units were constructed by Housing Corporation, the program for permanent rental housing ended, it was the first time in the history of Korean housing that the government tried to address the housing problems of different income groups with different packages of subsidies and finance.

Public housing is defined as that constructed with the support of the National Housing Funds in Korea. Public housing has two types: public housing for sale and public rent. In terms of public housing for sale program, the eligible for this program are households who have resided in the same administrative area as the place where new housing is provided and have been statutorily non-home owner for one or more years at the same time of the first advertisement for the sale of new houses. Priority is given to those who have saved with the housing subscription savings in the order of the amount and the period of savings.

There are several types of public housing programs. At the end of 2014, the proportion of public rental housing (1,709 thousands units) to the total housing stock (15,988,800 units) is about 10.7%, but the long-term (more than 20 years) public housing (820,000units) against total housing stock is only 5.1% (Table 4). In the case of capital city, 210,000 units of public rental housing were available as of 2013, bringing the

⁶ South Korea's Old Age Dependency Ratio to Surge 3.7 Times by 2050, (Dec. 17, 2017), http://world.kbs.co.kr/english/news/news_Ec_detail.htm?No=132467 (retrieved March 24, 2018)

percentage against the total housing stock to 6.1% (Table 5). Recently, more varied approaches have been taken to resolve the shortage of housing: studio-type housing on small city-owned lands; supply of public rental housing based on a cooperative-type approach; and quasi-public rental housing supplied by remodeling privately-owned homes.

Since 1962, the Korea Land and Housing Corporation (LH) has provided a total of 2.3 million public housing units for low-income households. LH was established under the Korea Land and Housing Corporation Act on Oct. 1, 2009, in a merger of the Korea Land Corporation (KLC) and Korea National Housing Corporation (KNHC). The figure accounts for 15.5 percent of the total 14.7 million homes that have been constructed in Korea.

Despite the continuing supply, there is still a serious shortage of public housing. In addition, from 2015 and onwards, the Housing Voucher Program has implemented at the national level. The number of target household is about 970,000 nation as a whole and fund will be paid 110,000won (US \$ 96.20) in 2015. The rent assistance system is deemed an effective policy as it utilizes an extensive range of private lease housing to minimize the number of those who are left behind, and responds to varied demands for housing assistance.

Table 4 Public rental housing stock in 2014

unit:'000

Types (in Korean)	Permanent Rental (Young gu)	Public rental (Gong Gong)	National rental (Kookmin)	Company employee rental(Sawon)	Public & private Keunseol rental	Public purchase and rent(maeip)	Total
Rental period	50 years	50 years	30 years	(50/10/5 years)	5 years	3/5 years	
No. of housing units	193	106	521	30	385	358	1,709

Source: <https://stat.molit.go.kr/portal/cate/partDept.do>, Ministry of Land and Transportation, 2016.
Retrieved April 7, 2016

Table 5 Percentage of Public Housing for 20-Year or Longer Leases against Total Housing Stock in Seoul

Year	1995	2000	2004	2010	2012	2013
Percentage	3.5	4.5	5.0	4.6	5.2	6.1

Source: Seoul Metropolitan Government, Basic Seoul Urban Plan for 2020, 2006; The Seoul Institute, 2013.

The government has two key new housing programs: The first one is the "Happiness housing" which aims to provide public rental housing for people in their 20s and 30s, including newlyweds, college students, and young workers. Happiness housing is also set to be provided at a lower rate compared to the market prices. The second one is "New Stay" which is a new type of long-term rental housing program. Unlike existing public rental houses, anyone can apply for these, without consideration of whether they own a house or their income level. Its residents can live there without having to worry about moving for up to eight years. The annual increase of rental fees will be limited to a maximum of five percent.

On November 29, 2017, Moon Jae-in government introduced the real estate-related measures called "Housing Welfare Roadmap for Building a Social Integrated Housing Ladder". These measures are divided into young people, newlyweds, elderly households, low-income and vulnerable groups, and include customized housing support policies for each stage of life and income level. In addition, the government promised to supply 1 million houses of public housing within five years by expanding the supply of housing for ordinary and unemployed people.

The government has announced to provide a total of 300,000 low-priced rental housing units, including 130,000 public rental housing units, 120,000 public support housing units, and 50,000 college student dormitories for young people under 39 years of age. A subsidy for young people's preferential treatment is also set up to reinforce the support for lending of all-or-rent loans for young people and to support the saving of my home. In the case of newly-married couples, the qualification for supporting rental housing will be expanded from 'current married couple within 5 years' to 'unmarried couples and spouses within 7 years'. The roadmap included to supply 70,000 homes for newly married couples to 80% of market price. In the case of low-income families, the amount to be subsidized from 2018 will be increased. The ruling party and government also regulate related laws and systems such as the Housing Lease Protection Act.

According to the contents of the housing program announced by the government, it is considered to be more advanced than the previous government program. However, in order for these programs to be implemented,

sufficient financial resources are needed. In addition, whether the government's announcement will be carried out without any hiccups should be seen in the future.

2) The minimum housing standard

The minimum housing standards were legalized in 2004 (The Housing Act). Since then, the households that do not meet the minimum dwelling standards including overcrowding and basic housing facilities were identified, and the reduction of these households has become one of the indicators to show the achievement of housing policies. However, there are no policy means to directly intervene when the minimum dwelling standards are not met. In addition, the housing allowance system revised and the target classes expanded from 2015. Institutional foundation to make policies for the housing-underprivileged is being prepared. The ACT ON SUPPORT FOR UNDERPRIVILEGED GROUP, DISABLES PERSONS AND AGE, ETC. was enacted in 2012. This law provided the basis for carrying out policies such as the survey and plan for the housing-underprivileged, rental housing and housing remodeling expenses for the housing-underprivileged. Furthermore, the ACT ON SUPPORT FOR WELFARE AND SELFRELANCE OF THE HOMELESS, ETC. was enacted in 2011 to provide the foundation for carrying out the survey and policy plans and housing support policies for the homeless. However, the policies for the housing-underprivileged have not systematized yet. Policy means to support households who need to prepare dwelling in spite of insufficient assets such as newlyweds appeared as well. Means to support the independent living of the disabled and the aged are also gradually expanding.

In order to maintain dignity and value of human, it shall guarantee minimum housing standard. Efforts of international organizations include the United Nations to realize housing rights started from problems of people who are severely suffering from residential problems and with human rights violated. Most of the poor and the socially vulnerable in Korean society do not have decent residential life and some are trapped in a housing situation below the minimum housing standard. Korean government has not made enough efforts to secure housing rights declared in the UN resolution.

Although the minimum housing standard is set in the Housing Act, it is a challenge to implement it. As of 2016, about 1.03 million households live in homes with a minimum standard of living. The mid - to long - term roadmap for these poor residents has not been specified. Importantly, the government will have to take measures to ensure that all people live in an adequate housing above the minimum housing standard.

3) The legal apparatus for the execution of housing rights

In Korea, there is no law that uses the term 'housing right'. To maintain human dignity and value, it is required not only food, clothing and shelter which are the primary needs but also the minimum standard of living in terms of culture and material such as health and sanitation and education. Among human's primary needs, food and shelter are no longer an issue in Korea. However, the housing issue remains a constantly unresolved task. In particular, socially vulnerable group and the poor with housing issues are deprived from the minimum housing condition and environment for man's living. Therefore, 'housing rights' holds the idea of basic right which is satisfying human's most primary desire to reside. Moreover, human dignity and value can be maintained when adequate housing is guaranteed. Adequate housing requires privacy protection, stability and durability of housing and infrastructure.

Treaties or agreements hold legal binding force to the nations that had ratified or agreed with. If one nation signs a treaty or an agreement, the nation is legally bound to the regulation and if the nation ratifies a treaty or agreement, it becomes effective as the national laws. Article 6 of the Korean Constitution surely states that "the treaties concluded and promulgated by the Constitution and the generally accepted international laws have the same effect as the national laws." Constitutional grounds of housing rights can be found in Articles 10, 16, 34, 35 and 36 of Constitution of Korea. Article 10 which defines human dignity and values is a comprehensive right that includes every absolute necessity to personal survival, including the right to an economic and cultural life, the right to adequate housing. On the other hand, the Article 35 stipulates the right to live a human life, and a human life cannot be expected to be achieved without adequate housing secured. Thus, housing rights are an important element of human dignity and the right to pursue happiness and the right to humane life.

In recent years, the National Assembly has been working on revising the Constitution. The housing-related civic group stresses that a provision on residential rights should be inserted in the upcoming Constitution of the Republic of Korea. In Korea, the importance of housing rights and the institutional arrangements are not well recognized.

Korea has experienced and responded to the problems of substandard settlements in the rapid urbanization process. Most people who experienced demolition were scattered to other low-income residential areas or resettled as a group. Korean governments have got policy means that have been used to improve poor residential areas are residential environment improvement project, redevelopment project, and reconstruction project. Redevelopment and reconstruction were chosen according to the situation of the residential area, and the main motive for these projects is the interest of the land owner to monopolize development profits. The SPECIAL ACT ON THE PROMOTION AND SUPPORT OF URBAN REGENERATION was enacted in 2013 and urban regeneration projects were introduced as participatory projects that could be carried out for areas where

projects for profit were difficult to implement. Since the beginning of 2000, Gosiwons for one person households have greatly increased. The number of poor old people and foreign workers who live in underground rented rooms and containers is also increasing. Policy means to respond to the increase of these poor dwellings are insufficient.

4. Urban and Housing Governance and Housing Finance

Korean society has carried out rapid urban development to respond to the fast urbanization and economic growth. Some groups were excluded in this process due to lack of conversation and participation. Resident participation methods mentioned in the laws are just public inspection and public hearing. The government must encourage many citizens to participate in the decision making, performance and monitoring of the human settlement strategies. To build and activate such urban governance, the Korean Government has made institutional foundation and policies. In 1995, the local self-government era started in earnest with the direct election of the local assembly members and the heads of local governments by citizens. Furthermore, the government carried out decentralization and distribution policies by enacting the three major special acts on decentralization in December 2003.⁷

To enable citizens' participation and expression of opinions in the process of urban planning and human settlements projects, it was institutionalized to undergo public hearing, committee, seminar public inspection, and the submission of opinions. However, these are low level measures of citizen participation. Thus, in recent years, Korean society is turning to innovative urban governance methods that promote the activities of civil society and the cooperation with the government such as the ordinance for administrative information disclosure, and participatory budgeting.

In this process there were excluded interests and neglected conflicts, which brought out the tragedy of extreme violence and deaths like the Yongsan accident⁸. Public projects are required to make resettlement plans or pay resettlement compensation to people who must move due to development projects in accordance with the ACT ON ACQUISITION OF AND COMPENSATION FOR LAND, ETC. FOR PUBLIC WORKS. However, the resettlement plans on the act does not include tenants. For projects carried out in deprived areas where many households live, in accordance with the ACT ON THE MAINTENANCE AND IMPROVEMENT OF URBAN AREAS AND DWELLING CONDITIONS FOR RESIDENTS, resident resettlement plans must be prepared and included in the project plan.

The contribution of housing finance is required for the improvement of housing conditions of poorly housed people such, owner occupations support, housing stability, and low income rental housing. To improve the effectiveness of the existing housing finance system, policies to supply more funds to housing finances and increase loans to the poor while maintaining the repayment abilities for loans have been promoted. The National Public Housing Fund is the heart of South Korea's public housing finance. The Fund was first created in 1981 and funded by government contributions, money from issued National Housing Bonds and housing lottery tickets, deposits from the general financial market and National Public Housing Fund bonds, and housing savings accounts which give priority for housing to its holders. The fund has various uses: construction of housing for lease or sale; assistance with house purchases or Chonse deposit loans; improvement of seriously deteriorating houses; or purchase of housing sites. The Fund has financed approximately 4.5 million housing units, with public lease housing accounting for 48.2% and small housing units for sale making up the remaining 51.8%.

Furthermore, effective legal and institutional frameworks have been prepared for transparent financial transactions. The participation of the private sector was promoted by establishing comprehensive and detailed property-related laws and a system of property rights, and enacting the ACT ON THE LITIGATION WITH FORECLOSURE OF MORTGAGE. The lending functions of the private sector were encouraged to adequately distribute the lending function of the mortgage market and facilitate loans, in particular loans in rural areas. The participation of the private sector has been encouraged to satisfy the demands for various types of housing including rental housing and to mobilize resources required for the management and improvement of housing stock.

To mobilize local resources, cooperative organizations, bodies and others were encouraged to cooperate with financial institutions. The government has supported the efforts of various organizations of different classes such as labor unions, farmers, women, consumers, and disabled organizations to create local financial organizations or systems. While supporting non-government organizations, the government is cultivating the

⁷ The SPECIAL ACT ON THE CONSTRUCTION OF NEW ADMINISTRATIVE CAPITAL, the SPECIAL ACT ON BALANCED NATIONAL DEVELOPMENT, and the SPECIAL ACT ON DECENTRALIZATION.

⁸ The Yongsan disaster occurred on January 20, 2009. A police officer and five people were killed when a fire broke out in the process of forcible suppression of tenants who rushed to the site in the Yongsan in Seoul. The area was planned to have six 40-story apartment complexes. However, the tenants refused to accept the compensation plan proposed by the redevelopment association (land and building owner).

autonomous development abilities of small-scale savings associations and exchanging information for the innovation of housing finances.

The housing finance system is not yet well maintained responding to the needs of the underprivileged, the socially weak, the poor and the low-income groups. In order to provide loans to more households by securing domestic and international financial sources for housing finances, new means must be developed and integrate housing finances into a greater financial system while more effectively using the existing means. Due to the unbalance of demand and supply in the housing market, the housing costs, especially the lease prices rose sharply, and the government promoted policies for lease loans. However, this has the limitation of unclear beneficiary of the lease loans. We need to set detailed sliding scale by income, apply various conditions to different subjects, and prepare lower interest loans for the low-income group. Furthermore, we should prepare a connection system with voluntary service groups and professional businesses, and search for ways to efficiently provide housing funds when needed.

5. Conclusions

The rationale for government intervention in housing has generated a lengthy debate on the relationship between political structures and the established housing system (Oxley and Smith, 1996; UN Habitat, 2008; Balchin, 2013; Meen and Gibb, 2016). The Korean government to the apparent inability of the private market to produce housing for all, in sufficient quantity, quality and at reasonable prices, was to intercede directly by constructing public housing.

The direct and indirect participation of the Korean government in housing has over the years considerably increased through an impressive number of regulations, laws, and plans by the construction of dwellings, land development, and other activities (Kim and Park, 2016; Ha, 2013). Housing is viewed both as an asset and as a consumption good. Both aspects may have to be equally considered from the policy standpoint, but the latter aspect is much more important than the former when a country moves toward a welfare society. Government may have to intervene in the market if the latter cannot allocate housing resources in favor of the poor and the disadvantaged.

Good governance means coping with conflicting goals and competing claims of different interests. The emphasis on 'enabling approaches' can receive considerable support from the growing recognition that democratic and participatory government structures are not only important goals of the housing development and allocation but also important means for achieving such development in Korea.

The improvement projects for poor residential areas must provide sufficient information to the people who are affected by them and rationally consider their interests when deciding and carrying out such projects. We will improve systems and procedures for this purpose. We must prepare health and safety standards to apply to all housing. Every human dwelling must be required to satisfy these standards, and we will develop policy means to actualize them. This policy defines the minimum level of the dwellings to be provided to all citizens, and becomes the basis for ensuring access to adequate housing for everyone. It is important to allow people to live without difficulties at the places where they want to live at every point of their life cycle.

The government has been very restrictive and less interested in housing policy for the single person households. Recently, housing programs to solve one-person household housing issues are sporadically implemented. The current government housing policy program has improved much more than in the past, but it is still not enough and questions about its feasibility. Housing stability of youth and the elderly is the key assignment of Korean housing policy for the future. Efforts such as comprehensive survey should be preceded to understand housing situation of these groups in more specific and systematic way. In order to execute the program effectively and maximize the effect of policy to stabilize housing situation for the target group, similar programs for youth housing should be integrated. For example, if central government-led initiatives are combined with similar programs run by local governments such as the Seoul Metropolitan Government, synergies will increase along with utilization of a program. Furthermore, it is necessary to approach the housing issue of young people and the elderly by categorizing them into a short term and medium-and long term. Considering the fact that housing situations and conditions differ by different regions, standardized program across the country might hinder the effect of housing services. Tenants, rental expense, rental procedure, financial and tax support should be managed flexible, after consideration of housing conditions of different regions.

Finally, the expansion of housing welfare services for the elderly in poverty is an important task for our society to solve. This is because the population of the elderly is rapidly increasing and many elderly people are at the same time poor. Korea is one of the OECD member countries with the highest elderly poverty rate. The development of a housing policy program for the elderly one-person households in the future should be changed to a customized one. First, the various situations of the elderly should be analyzed and classified into several types. Second, these types are classified by age, current residence status, region, own house, and disease status. Housing for the elderly who own their home is too poor and below the minimum housing standard. This housing upgrading program should be realized. The housing situation of the elderly is a big different in urban and rural areas. Third, in the case of the elderly with disease, development of a program using the concept of group home is required. These will be a combination of residential and health programs. A group home is a

private residence model of medical care for those with complex health needs.

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MAKING HOUSING AFFORDABLE in MALAYSIA

INTRODUCTION

Housing development in Malaysia is largely provided by both the private market (for effective demand-those who can pay for it) and government intervention (the social sector-for those who cannot pay for shelter). Issues surrounding Malaysia are as follows:

- 1) The private sector that is providing housing that is generally unaffordable for the average Malaysian.
- 2) In lieu of this, the government has intervened to supply housing to overcome the lack of responsive supply from the private sector firms. Currently, even the top 20 percent of households (measured in household incomes) are receiving government assistance. This has put severe strains on the fiscal position of the government.
- 3) An unregulated housing rental market, and threats of eviction in cities that are experiencing rapid rent escalation
- 4) Poorly designed social housing that has become the new urban slums

CHALLENGES OF MAKING HOUSING GENERALLY AFFORDABLE

This paper examines the issue of housing affordability in Malaysia, viewing it within the context of housing as an economic sector rather than simply as a social welfare concern. Housing interventions have focused primarily on demand, and in doing so, subsidizes a non-responsive supply sector. We examine housing affordability with the view of ensuring that supply is able to meet effective demand, thus improving the affordability of housing in general.

Gaps are beginning to appear in the provision of housing, exemplified by the growing concern of middle-income households who are neither eligible for social housing nor are able to afford private sector-supplied houses. The challenge is particularly prevalent in urban areas: while Malaysian home ownership as a whole stood at 72.5% in 2010 (the year of the latest Population and Housing Census), urban home ownership was 69.1%. In Kuala Lumpur, it was 53.5%. Demographic factors will make the problem more acute: our population is growing at around 2% per year and will reach 38.6 million by 2040; urbanisation is increasing; and households are getting smaller – in 1970 there were 182 households for every 1,000 people, by 2020 there will be 250 households for every 1,000.

Housing affordability is a function of both house prices and income. At the national level, median house prices were 5.0 times median annual household income in 2016. According to global standards, this signifies a 'seriously unaffordable' housing market. An 'affordable' market should have a 'median multiple' (median house prices as a multiple of median annual household income) of 3.0x. However, house prices are also heavily dependent on location, and so some states in Malaysia have more affordable housing markets than others. Melaka for instance is 'moderately unaffordable', with a median multiple of 3.1x whereas Pulau Pinang (5.5x) and Negeri Sembilan (5.1x) are both 'severely unaffordable'.

Although Department of Statistics (DoS)' household income statistics measure both informal and formal income, there is a significant amount of housing units that are not accounted for in National Property Information Centre (NAPIC)'s calculations for housing stock. This means that the median all-house price calculated by NAPIC does not comprise the entire number of housing units. To adjust for this potential shortfall, we have assumed that house prices in states where 60% or more of housing stock is accounted for by NAPIC are representative of the overall housing market (Table 1). Given this cut-off, our analysis of median-multiple affordability of each state's housing market focused on Pulau Pinang (74%), Negeri Sembilan (74%), Johor (73%), Kuala Lumpur (88%), Selangor (81%) and Melaka (64%), with the other states being deemed as having insufficient house price data for the assessment. It can be seen that as states become more urbanized, the houses become more unaffordable.

Table 1: Media multiple affordability by state, 2002 – 2016

State	2002	2004	2007	2009	2012	2014	2016	Affordability category	% formal housing
Kelantan	5.1	5.4	4.4	4.5	6.2	7.1	5.5	5.1 & over Severely unaffordable	16
Sabah	6.3	6.7	10.0	6.2	5.8	5.6	5.5		24
Pulau Pinang	4.1	4.3	4.1	4.0	4.1	5.8	5.5		74
Negeri Sembilan	3.4	3.1	3.3	3.4	2.8	5.0	5.1		74
Pahang	5.0	4.2	3.7	3.9	3.8	5.3	5.0	4.1 to 5.0 Seriously unaffordable	58
Johor	4.9	4.9	3.5	3.7	3.7	4.3	5.0		73
Malaysia	4.1	4.3	4.4	4.4	4.0	5.1	5.0		60
Terengganu	4.7	4.8	5.0	5.2	5.3	6.2	5.0		22
W.P. Kuala Lumpur	4.7	5.4	5.0	4.6	4.9	5.6	4.9	Moderately unaffordable	88
Selangor	3.7	3.5	3.6	3.6	3.6	5.2	4.7		81
Perak	3.9	4.1	3.5	3.5	3.3	5.1	4.6		57
Kedah	4.6	4.1	4.1	4.0	3.6	3.4	4.3	3.1 to 4.0 Moderately unaffordable	50
Sarawak	n.a.	n.a.	3.7	4.1	4.0	4.2	4.0		32
Perlis	4.4	3.7	3.6	4.5	4.3	4.5	4.0		34
Melaka	3.4	3.5	2.9	2.9	2.6	3.1	3.1		64

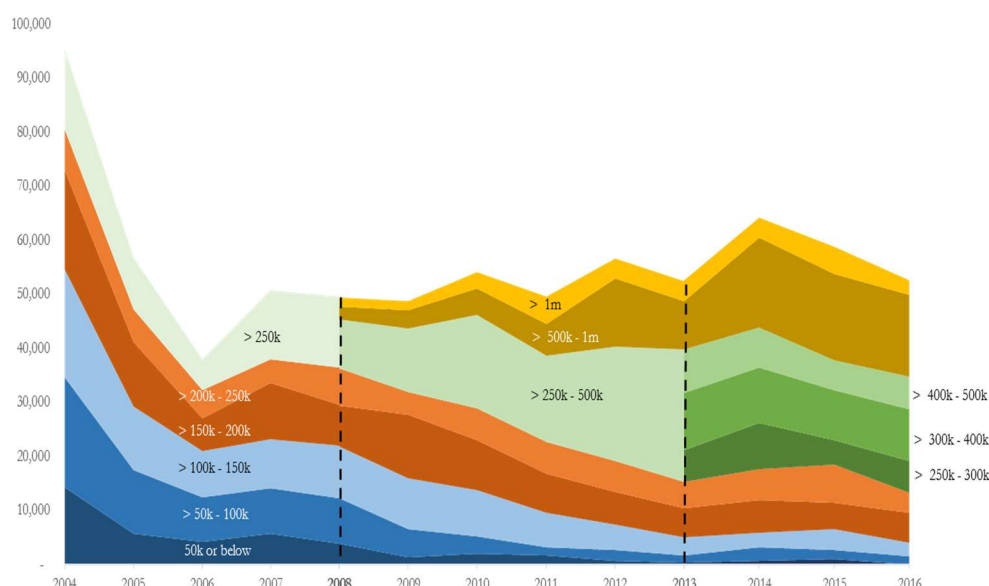
Source: NAPIC(2017a), DOS (various years.a), DOS (various years.b), and KRI calculations

The 3.0x median multiple signals that the market provides a distribution of housing and house prices that are subject to minimal distortions – housing supply is responsive and able to meet effective demand. Unaffordable housing markets are ones in which supply either falls far below demand, or is too inelastic to changes in demand. It is a measure of how affordable the housing market as a whole is performing. It is not a measure of what any particular household can afford as that would depend on that particular household's circumstances.

Another measure of affordability is down-market penetration. An overview of Malaysia's residential market reveals that in aggregate, new launches within the lowest-price range has dropped from 36.4% out of total launches in 2004 to only 19.7% in 2014 (Figure 1 and Figure 2). Since publicly-available house price data for Malaysia is only in the form of price ranges, the data depicted in Figure 1 is used to estimate the range of down-market penetration for the Malaysian housing market. In 2014, the down-market penetration for the lowest-priced dwelling unit ranged from 0.9 to 1.8 times, quite significantly below the 3.4 global value previously estimated. An important caveat when assessing down-market penetration ratios for Malaysia is that while the house price data supplied by NAPIC only includes prices for houses supplied by the private sector, NAPIC cannot certify whether these houses were built without the benefit of subsidies, including land-swap arrangements with the government. Hence, the down-market penetration ratio estimated from this data may be an underestimation of actual values.

Nonetheless, the available data signal that nationally and within these markets, privately supplied housing does reach some below-median households, although without more disaggregated and detailed data, it is unclear whether the allocation of such housing is adequate.

Figure 1: Number of launched residential units by price range, 2004 – 2016



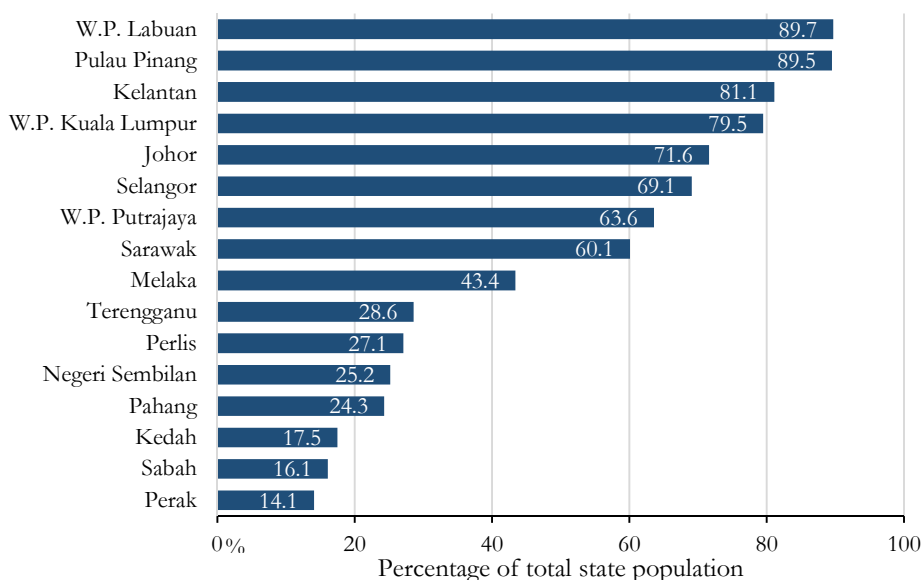
Source: NAPIC (various years), KRI calculations

k = thousand, m = million

1. The type of properties included are: Single storey terrace, 2-3 storey terrace, Single storey semi-detached, Detached, Town-house, Cluster, Low-cost flat, Low-cost house, Flat, and Condominium.
2. NAPIC uses different house price ranges from 2004 to 2007, 2008 to 2012 and 2013 to 2014, therefore the charts are divided according to the respective range.

The government's response was to intervene in the demand side of the housing market, by making housing financing ostensibly cheaper (i.e. lower monthly mortgages but on a longer term) or providing cash subsidies for home-buyers. The supply side interventions have been by direct provision of low-cost houses (the government builds houses) or subsidising housing costs to private developers. The demand assistance has reached the high-income households (T20) in certain states as depicted in Figure 2 below.

Figure 2: Total population under state affordable housing programmes qualifying income criteria



Note: For this estimation, the qualifying income criteria for affordable housing programmes in Kedah, Negeri Sembilan and Perak were revised downwards by RM500 and for Sabah, upwards by RM500 to match the income bands reported in DOS' Household Income Survey 2016.

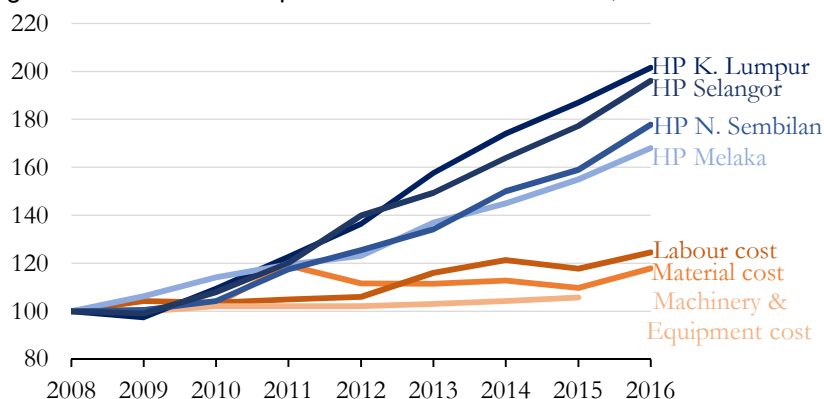
Source: State governments and KRI calculations

These measures are unsustainable as they can drive price increases, result in more household debt, and also incur opportunity costs on government finances that potentially could be used more productively.

Housing supply is driven by land costs and use, planning policy, and construction costs. High housing prices are often blamed on land costs, but the causality actually runs in the opposite direction; rising house prices

result in rising land prices as the price a developer is willing to pay for new land rises as the market price for housing increases. As for construction costs, in Malaysia these have been falling with no attendant drop in house prices.

Figure 3: Index of house prices and construction cost, 2004 – 2016



The answer to making housing more affordable then, lies in improving the elasticity of housing supply or, in other words, in making the supply of housing more responsive to the needs of all sections of population. In this paper, we examined the national business and procurement systems for housing through five case studies of Malaysian property developers. The findings were then compared to a case study in the Philippines housing sector – 8990 Holdings, Inc. – which is a mass housing market developer that has managed to supply affordable homes by marrying cost and time-saving building technology with highly integrated procurement and business systems.

WHAT ARE OUR LIMITATIONS IN PRODUCING AFFORDABLE HOMES BASED ON CURRENT INSTITUTIONAL CONTEXT?

Table 2: Comparison between 8990 Holdings and Malaysian property developers

	8990 Holdings, Inc.	Malaysian property developers
Framework agreement with key materials suppliers	8990 Holdings has an agreement with the material supply-sector, and therefore negotiated the contractor's services as a cost-plus item in the bills of quantities.	Property developers give this role to the construction company, and this is covered in the existing construction contracts (fluctuation clauses are normally eliminated).
Integration of design and construction	8990 Holdings has an integrated design and construct group that permits improvements to the production processes from design to installation on site.	Improvements in design and buildability on site are done in different firms and there are limited opportunities to improve since design changes are executed through variation orders, which makes innovation non-existent. Which party would want to bear the costs of faulty design or installation?
Investment in production technology and innovation	8990 invests financially in their own product and process innovations. Product innovation (eg IBS) is done internally and is tailored to the specificities of the construction site. For example, if the site is in a dense city-area with limited access, they bring the moulding process on site. Process innovation is needed in situating product innovation. For example, in IBS technology, the Mechanical and Engineering (M&E) design input must be given before moulding is done. 8990 will	Property developers in Malaysia rely on their construction firms to innovate, without investing financially. Contractors will depend on external IBS or proprietary systems for product innovations, therefore it is an out-sourced facility. The design team might not be familiar with the design and installation of such technology. Training is generally not provided by the contractors, design team, or IBS manufacturer on how the components

	8990 Holdings, Inc.	Malaysian property developers
	have internal discussion with both the design and construction teams in one conducive environment.	are connected with other parts of the building. Hence construction workers will not be able to assemble the design on site.
Skills training	8990 provides training for all construction workers/operatives so that the product innovation designed by the design team is able to be executed on site. The construction workers are also encouraged to give feedback on problems with executing the design on site.	Training of construction workers are not done due to the transient nature of the work force.
Management and maintenance of amenities	8990 maintains the shared services (amenities) within their facilities management unit. The general public will need to pay for the services but the unit owners within the complex can use the facilities for free. This to ensure that the facilities are well-kept and is in good workable order at all time.	The public amenities are managed and maintained by the Management Committee.

These conclusions (Table 3) suggest that the consolidation of the supply chain follows best practices as exemplified by 8990, whereby firms themselves invest in adopting new technologies as well as in training site operatives to execute the newly introduced technology. The recommendation for institutionalising reforms and restructuring the procurement system is important since it will improve the overall efficacy of the firms that are involved in the production process in terms of time, costs and quality at the construction project level. This will lead to cost efficiencies for the housebuilding industry. These are reforms that firms in Malaysia must go through in order to deliver houses at better prices.

As demonstrated by 8990 Holdings, ***a willingness to participate in the wider concerns of building liveable cities and communities will ensure that these cost efficiencies will be passed to housing consumers.*** But more importantly, these measures have proven to be a sustainable business model and financially viable for the company and its allied industries in the long-term.

POLICY RECOMMENDATIONS

The policy recommendations and the actions needed are the below interlinked supply-side interventions to the housing market:

- **Develop measures to improve the efficacy of the construction industry's delivery system to supply housing at affordable prices.**

The new production methods embedded within the new production system are intended to make housing supply more responsive to the purchasing power of populations at specific locations. The 11th Malaysian plan has in its Strategy D2¹, a focus on driving productivity by increasing technology adoption, modernisation of construction methods and on reducing dependency on low-skilled labour.

It also encourages the adoption of the IBS by the industry through revision of the public procurement policy and Uniform Building By-Laws; as well as wanting to improve on existing regulations to ease construction-related business processes. The below policy recommendation and steps will attain the desired objectives of Strategy D2.

The creation of this new cluster of firms will improve the prices of new incoming stock of houses (making them more affordable to the general public) as a result of:

- the lower costs of construction resulting from the use of proprietary building systems and the integration of design, construct and assembly processes

¹ See Appendix 5 in the Making Housing Affordable report.

- the support of government in site-seeking and purchase, obtaining planning permission and building regulations approval, financing facilities and other associated development components
- the support of government for the development of mandatory standard building specifications for the newly constructed homes.

Rent-seeking activities will be discouraged through the introduction of a moratorium of five years for house buyers as well as the provision of data on new incoming stock of houses (refer to the policies discussed below).

- **Develop measures to reduce pressures leading to rapid house price escalation.**

It is recommended that the housing units built under the proposed new scheme be subject to a limited-period moratorium, sufficiently long enough for the next batch of housing stock to be supplied into the market at affordable prices as well.

1. The supply of new stock of houses produced through the newly-designed procurement route needs to be insulated from short-term speculative behaviour in order for the initiative to be successful.
2. For houses built through the new designated procurement route, a moratorium is needed to create a buffer period for new stock to come in at affordable prices as well. If the new stock is affordable and costs are lower than the speculative prices, this will evidently diminish the gains from speculative activities. A moratorium has the objective of curbing the rapid price escalation of houses. Therefore, if there is an urgent sale before the period of five years, then the unit can still be sold but based on nominal values.

- **Develop measures to plan for a steady supply of housing at affordable prices.**

In order to match this steady supply to demand efficiently, detailed information leading to efficient planning is required. This in turn entails a national data repository on the conditions of demand and supply of housing at specific locations.

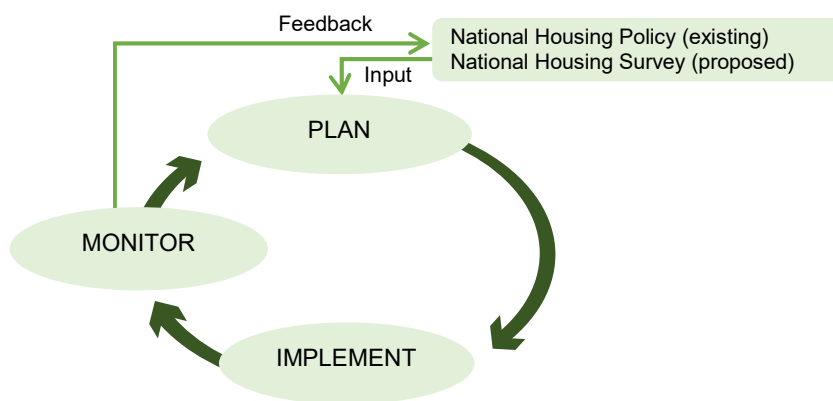
The 11th Malaysian Plan² has highlighted the mismatch in demand and supply for affordable housing. The document highlighted the escalating House Prices in Major Cities (following the World Bank Affordability Index which is three times the annual household income) and cited the lack of integrated planning and implementation as one of the reasons for this problem. In Strategy B2: Strengthening planning and implementation for better management of public housing, the document recommends the establishment of an integrated database for all relevant stakeholders (to ensure housing supply matches demand according to locality, price and target groups). The policy option of creating a National Housing Survey as detailed below will have the desired outcome of Strategy B2.

1. A National Housing Survey will provide guidance to Federal and State governments and local authorities, enabling them to plan for a steady supply of housing at affordable prices through housing programmes at the mukim level, which are based on effective demand and land suitability.
2. If made public, information collected in the National Housing Survey will also provide the general public with the requisite knowledge to make better house-buying decisions. As housing consumes a significant proportion of their household incomes, the general public needs to be able to plan for the purchase and to choose between different types of houses at different prices, which in turn will lead to better financial planning on their part as well.
3. The proposed National Housing Survey should include:
 - demand-side analysis: covering the distinct demographic patterns between States at the mukim level (for example, whether mukims consist predominantly of young dependents and families, working populations or retirees) and incomes.
 - supply-side analysis: a land suitability assessment including the current land-use patterns and zones.

The demand- and supply-side survey and analysis performed for each state could be repeated every five years to reflect the dynamic and organic nature of housing programmes.

Figure 4: Planning and implementation of a National Housing Survey

² Focus area B: Providing adequate and quality affordable housing in Chapter 4: Improving wellbeing for all (EPU 2015)



As shown in Figure 6, the National Housing Survey will provide input to each State to enable it to plan for adequate and suitable housing stock to meet the different needs of the general population at strategic locations. The state and local councils would be required to monitor the quality and quantity of these new housing stocks and provide more information (input) for the next National Housing Survey.

4. Currently, there is data available to undertake a supply-side housing land and suitability model. However, the demand-side data is limited, hence the need to undertake a National Housing Survey. Both sets of demand and supply conditions could then be analysed to determine the need and policy appropriate at each state and district level.

The National Housing Survey will enable the development of various models with greater resolution and accuracy. This will provide information on the different solutions needed for each state. Among the possible outputs are:

- population forecasts
- housing demand range
- migration patterns
- household size by housing type
- social housing against social economic variables
- land suitability for different housing types.

5. The National Housing Survey would be best undertaken by both the Federal Town and Country Planning Department (JPBD) and the National Housing Department (JPN).

The provision of housing for both rent and ownership must be anchored to a decent housing standard. Decent housing standards must adhere to the composition of the households as they make a living in cities and towns. A housing complex that is designed without understanding the social fabric and the functioning of society only creates new urban slums. A regulated rental market is also needed to protect both landlords and renters. Both the decent housing standard and rental act are currently being devised in Malaysia.

CASE OF RENTAL HOUSING, AND OTHER INCLUSIVE CITY-MAKING INITIATIVES

This paper also highlights the benefits of a Community Development Fund (CDF) in alleviating the pressures of social displacements in top-down urban regeneration development. The scale of big urban regeneration projects and the scale of displaced communities are different. The former is at a national/ state or city level whilst the latter can be at the scale of neighbourhoods. Therefore, the existence of CDF to complement wider urban regeneration strategies is critical towards making city development more inclusive.

A case study in George Town World Heritage Site (GTWHS), Penang on the 'localised' rent determination by both tenants and owners away from the general 'market' trend of rapid rent escalation in the area is presented. The area was experiencing many challenges, namely (a) the displacement and loss of the residential population and (b) the challenges of gentrification in and declining housing affordability due to rental and property price increases. (See our report "Building Social Capital: The George Town Experiment" for a detailed explanation of severe rental escalations experienced in GTWHS)

The Hock Teck Initiative or the 'Pilot Project', the first recipient of the CDF initiative, was designed to empower tenants to negotiate for their tenancy rights by proving that they are willing to shoulder some financial burden towards the upgrading of their homes. The financial investments made to the upgrading of their rented homes renders the tenants to become stakeholders of the re-development project.

The Pilot Project had the objective of preventing the eviction of tenants from their houses. A new funding mechanism was created where the combination of a matching grant to property owners and a collective loan to the tenants gave rise to a new method of providing affordable renting at a fixed price. It was also sustainable because the mutually agreed rent-price addressed both parties' financial burdens, even though it was below the market rate. The inherent problems of city level rent control were prevented in this localised initiative. Therefore, the CDF has managed to institutionalize at the neighbourhood level, a process that promotes rent determination and stabilization that is both inclusive and sustainable.

POLICY PROPOSAL: THE CREATION OF A CDF IN TOWNS AND CITIES

The two crucial steps in the creation on CDF are as follows:

Step 1: Establish the need to create CDF

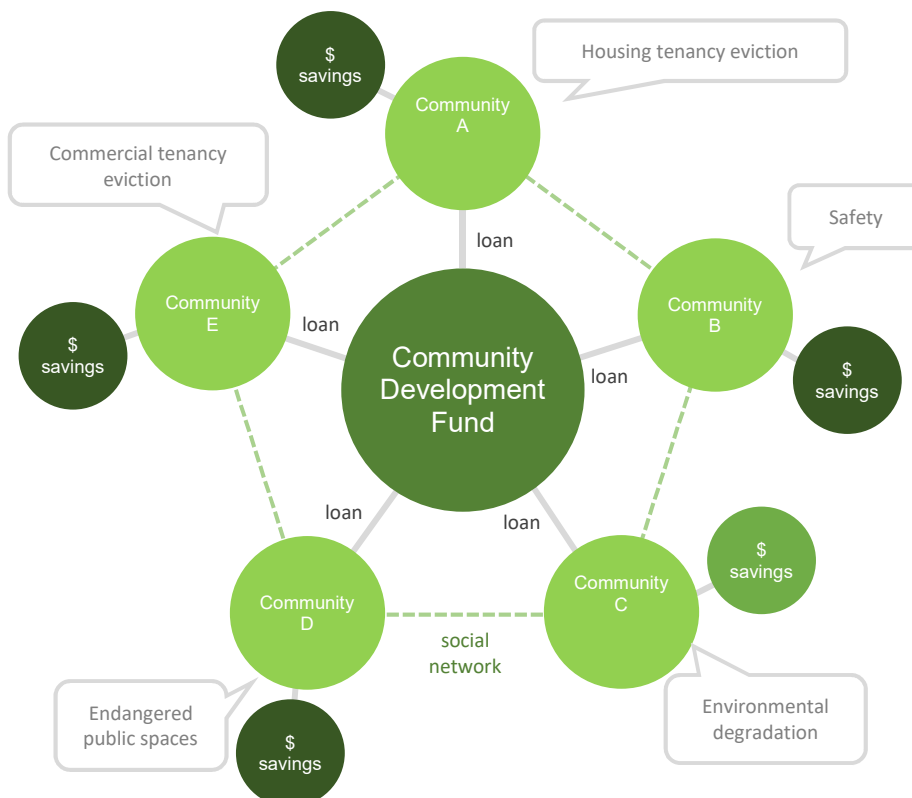
The Pilot Project in GTWHS had the objective of preventing the eviction of tenants from their shop houses. TC and ACHR developed a new grant mechanism where the combination of a matching grant to property owners and an ACCA loan to the tenants gave rise to a new method of providing affordable housing. It was also sustainable because the mutually agreed rent-price addressed both parties' financial burdens.

The inherent problems of rent control were prevented in this localised initiative. This is due to the following:

- The determination of rent considered the costs of building maintenance in a neutral and professional manner (based on the building technical report); and apportioned it to both tenants and owners
- The rent determination process provided an informal platform that led to a more effective communication/negotiation between both parties
- This informal platform led to the creation of a secured tenancy for the period of 10 years; and subsequently both parties will renegotiate the terms during tenancy renewal. Therefore, the process is dynamic and responsive to changing market conditions at the neighbourhood level.

The need to establish a CDF is incumbent on the urban challenges faced by communities in respective towns and cities. Examples can include housing tenancy, environmental degradation and even improving public spaces.

Figure 5: Establish the need and create the community network



The salient features of this process are as follows:

- Conduct citywide surveys to collect information on the urbanisation challenges facing communities
- Identify relevant stakeholders and explain the CDF programme

- Initiate a Pilot Project
- Develop social networks between different communities to learn from each other's experience in providing urban solutions
- Develop ties with technical professionals (architects, engineers, town planners, lawyers etc.) to develop sustainable and robust solutions

Step 2: The creation of a CDF at a local municipality

The CDF methodology nurtures a positive working relationship between communities and their building owners as well as local governments, leading to more inclusive plans, programmes and practices in cities. It is a sustainable funding mechanism that promotes community driven approach in addressing social displacements in urban re-development programmes.

The salient features of the CDF are as follows:

- Disadvantaged community leaders will form part of the management committee
- Technical advisors are critical in assisting communities develop robust and sustainable improvements
- Funding agencies can contribute directly to the CDF, with the understanding that participatory-led developmental initiatives have a longer time frame for completion
- Small and flexible payable grants are agile and swift to respond to changing operating environment
- Since CDF is anchored at municipal councils, the respective municipal councils must ensure the community projects are integrated within wider city making initiatives

The scale of big urban regeneration projects and the scale of displaced communities are different. The former is at a national/ state or city level whilst the latter can be at the scale of neighbourhoods. Therefore, the existence of CDF to complement wider urban regeneration strategies is critical towards making city development more inclusive.

THE WAY FORWARD

Available evidence suggests that the provision of social housing for most of the population will exert unnecessary financial pressures on government spending. While the problem in Malaysia may not be as acute now, as Malaysia becomes more urbanized, the demand for housing that are affordable will only increase. Trends in Malaysia indicate that both the bottom 40% and middle 40% of income earners are likely to require social housing if the relevant interventions are not made urgently. We must reform the supply-side for housing and strengthen market efficiency in this sector. Firms must build houses that citizens can afford to buy in a sustainable business model. Sophisticated financing schemes for house buyers should not appear to render housing 'more affordable' to purchase, but house prices must be affordable to begin with.

The initiative to make houses more affordable will have spill-over effects on the rental markets, since mortgage repayments are affordable. The rental required by landlords to cover mortgage repayments will be lower. The CDF initiative, as exemplified by the case in George Town will reduce vandalism by renters since they have parked their own funds in the buildings. This joint effort, will then create a rental market that is affordable and sustainable. The role of the private sector in making cities more inclusive is critical. Government then can focus on supplying decent social housing complexes for the bottom 20% of income earners.

"Housing for all" can be achieved when both the private and public sectors work together to provide decent housing that considers the needs of all strata of society. The needs of society, in turn, must inform the way housing development is devised and executed in cities. This virtuous cycle of providing shelters (by the public and private sector) that are needed by society (through community's inputs) will reinforce a culture of providing "Housing for all".

Interested readers are encouraged to read both reports; "Making Housing Affordable" and "Building Social Capital: The George Town Experiment" for more details and the reference lists. Both reports are available/ can be downloaded at www.krinstitute.org.

TOM'S ADDITIONAL NOTE FROM JO HAN TAN AT PERMAS, from 2003

BOX : *The inside scoop on Malaysia's much-touted "Public-private" social housing policy . . .*

Since 1982, the government's policy has been to privatize the provision of low-income housing by requiring developers to devote 30% of their projects to low-income residents, as a social obligation. The idea is that profits from selling commercial space and upper-income houses cross-subsidize the cost of building low-income units, which are then sold at fixed rates to evictees waiting in long houses. The government chips in

with tax breaks, fee reductions and sometimes even provides government land. It sounds good on paper, but in practice, it's been very hard for the poor to access this housing, since the process of designing, producing, locating and allotting it are totally controlled by the cozy alliance of developers and government officials, without any participation from poor communities.

In 1984, people evicted to long houses were promised 60 sq.mt. houses at RM25,000 (US\$ 7,000), but the developers started squawking right away: the land is too expensive, material costs keep going up, our profits are draining away, we just can't deliver at that price. So to sweeten the deal, the government arbitrarily jacked up the rate to RM35 - 42,000 (US\$9,200-11,000) in the mid 90s. This sell-out to the developers didn't do much for the morale of the urban poor, who could barely afford the original rates, and it didn't do much to boost output either. Since the policy was launched, less than a quarter of the target number of units has been built, and many of those have been grabbed by politicians or sold off at higher prices with the connivance of government officials and the exchange of "coffee money." Only a few groups of evictees have gotten subsidized houses through the scheme. The rest either rent houses in other squatter areas or continue living "temporarily" in long houses far from the city.

Versions of this same policy have been adopted in Pakistan, Korea and the Philippines, where they have also flopped spectacularly, the units proving to be far too costly for the poor. But that hasn't stopped the UNDP, UNCHS and World Bank from aggressively promoting the concept, hell-bent on convincing the world that public-private partnership is the development paradigm of choice.

Suraya answers Tom's Questions (August 23, 2018)

QUESTION: Is Think City still going, or is that project over?

THE PROJECT IS OVER, BUT George Town World Heritage Site Incorp (GTWHI) has taken over the initiative, and CDF has been institutionalized in GTWHI, with initial govt. grant of RM 3.0 Million. Thinkcity has not been able to repeat the initiative again since the old team (myself, Veron and Hooi Seam) have left TC, and the current team is focussing on other things. As I was leading the pilot project in ThinkCity for CDF, I had the feeling that the other senior man in TC thought that it was too difficult to implement. I think they were keen to be grant givers rather than own and manage a 'difficult' project. Hence why when I left, nobody wanted to continue the initiative. I then wrote the report and lobbied GTWHI to institutionalize it at their entity, it worked. That's why they got the funding of 3.0 Mil to start the initiative.

QUESTION: Was the CDF initiative only in Penang, or other places also?

It is only in Penang for now. I have just completed doing the National Housing Policy for Malaysia, and I have inserted this initiative as a policy option to be implemented in other towns and cities that will face urban regeneration initiatives.

QUESTION: Have you got a very brief, clear description of that program you could send me, with a few key figures?

I actually wrote a report on this (copies of the book has been given to ACHR- its called "Building Social Capital-The George Town Experiment", or it can be downloaded from our website

http://www.krinstitute.org/Publications-@-BUILDING_SOCIAL_CAPITAL-:THE_GEORGE_TOWN_EXPERIMENT.aspx

Otherwise, attached is a paper I presented at ICSD conference in Columbia University last year about the initiative. Hope this will suffice, let me know if you need anything else.

DRAFT ONLY

UCLG-GOLD / ACHR HOUSING STUDY

Country paper No. 8: NEPAL

by Lajana Manandar, Lumanti NGO, Kathmandu

May 2018

1. Introduction: Key issues or aspects of housing rights and housing development of the country, cities and people.

The most important achievement in the housing sector is - the constitution of Nepal issued in 2015 recognized housing as a fundamental right. Para 37 on Right to Housing states 1) Every citizen shall have the right to an appropriate housing. 2) No citizen shall be evicted from the residence owned by him or her nor shall his or her residence be infringed except in accordance with law.

Although the constitution guaranteed right to housing, the people who do not have right to housing have not been able to feel secured and stay in peace that they will not be evicted. Not only the slum dwellers who do not have right to land and house that they are living, but also the people who own land and housing are not secured if their houses happened to be on the road side. The road expansion programme taking place mostly in the urban areas (in the rural areas?) of the country have made people homeless, leaving them with very little space, not adequate to build a house after giving up land and house for the road or no space at all. Generally the old traditional houses are very small, occupying roughly about sq. metre of land. The struggle of the people against road expansion in Kathmandu has failed.

Recently the people of Khokana in Lalitpur Metropolitan City organized demonstration against the government plan of construction of fast track road. The planned fast track road passes through Khokana, a traditional heritage settlement of about people. This project will consume a large size (hectre?) of fertile land that currently local people are growing rice and vegetables and their houses will be affected too. Although the project is offering cash compensation for land, people consider that the offered cash is much less of the current market price. The local people are in a process of negotiating with the government to redesign the fast track road to avoid large destruction.

2. Country situation:

Historical changes in housing development and housing delivery systems: formal housing, public housing, informal housing

In the last 20 years, there has been enormous growth in the housing sector mainly in the highly urbanized cities like Kathmandu valley followed by other urban cities. The migration of the people from rural to urban areas led to demand of housing in the cities. As a result land prices sky rocketed and agricultural land turned into built up areas. The housing construction companies emerged, and introduced housing colonies and apartments. But the companies completely did not replaced owner building system. However contractors came into existence for building individual houses. The houses were built for the owners to live in and to rent out. About 40% of the people live in rental housing in Nepal, and this figure is nearly 60% in Kathmandu valley. Rental housing is all private. Investment on housing for rent is regarded as a secured investment that gives long term sustainable income. Not only the new houses but also the old houses provide rooms for rent.

After the earthquake in 2015, people seem to have lost interest in high rise apartments due to safety reasons. Although none of the existing apartments fell down, but most of them suffer from varied degree of damages which were repaired later and people went back to live there. After the earthquake hardly any new high rise apartment is constructed.

The slum communities also grew in urban and rural areas, and they still struggle to attract the attention of the local governments for their rights to access basic facilities in the communities. In some cities, where the communities are organized and where they partnered with the civil society organisations, they have been able to get support from the local governments for improving living conditions.

Urbanization, aspects of urban growth, some demographic figures, economic development, employment, education, housing, etc.

Year	Number of municipalities	Urban population (as a % of total population)
1961	16	3.6
1971	16	4.0
1981	23	6.4
1991	33	9.2
2001	58	13.9
2011	58	17.1
2016	217	38.8

Figures on housing demand and supply, housing rights, backlogs, gaps, eviction problems

The National Shelter Policy 2012 has projected that around 1,364,000 housing units are required in urban areas with around 900,000 new constructions required by 2023. National Housing Company was established in 2012 to increase housing production. Several Town Development Committees are involved in producing serviced plots. The government initiatives in housing have only through land development programs site and services Guided land development and land pooling. In the last 15 years private sector played an important role in providing housing units in Kathmandu valley. Around 62 housing projects (Group Housing and Apartments) and 6113 housing units are being implemented within Kathmandu valley.

However, the demand for low income housing has not been addressed by private sector. Almost 90% of the houses are still owner built in urban and rural areas of Nepal. The government is working on the policies related to rental and cooperative housing to facilitate growing housing demand.

In the past, there has been few major forced evictions in different parts of the country, and the evicted people were never provided with alternatives to housing. One of the infamous eviction was in Kathmandu – about 260 houses along the Bagmati river were bulldozed in order to conserve Bagmati river and maintain the right of way of the river. The people were happy to leave if they were provided alternatives. But the voices of the people were never heard and forced eviction took place. After the eviction, and much of the criticisms, later government made effort to do some corrections by collecting data of the genuine poor families living in the settlements and constructing temporary shelter for the most vulnerable evicted families. But this effort also failed as the local residents did not allow the shelters to be built for the evicted families in their areas. Unfortunately general perception was not in favor of the informal settlers. The people did not leave the area and went back build temporary huts again and continued to live there.

To address this problem, the government did build low rise apartments to house the evicted families in Kathmandu. People did not like these units as the size of the units were very small and not comfortable for living. The government also did not organize any formal consultation with the communities to resettle them. At present those apartment still remains vacant even after few years of construction.

National institutions; arrangements for housing development in the country; housing policies

- Department for Urban Development and Building construction
- Commission for Urban Development
- Nepal Housing Development Finance Company
- National Housing company
- Town Development Fund (mainly for infrastructure)
- National Urban Policy
- National Shelter Policy 2012
- National Urban Development Strategy 2017
- National Shelter Plan 2011
- National Reconstruction Authority 2015

Form of housing rights, housing rights violations, housing rights protections, social housing arrangements, any legal protections, trends

- Urban poor people, communities, grassroots organizations, civil society, movements relating to housing development and housing rights
- Private sector and housing market's performance; can it take care of poor people's housing?

- Success and failures, potentials

3. Governance systems and relationship between national, cities and people

- Growth of cities, planned or unplanned situation, aspects of slums, demographic challenges, infrastructure, jobs, education, other urban services
- Governance and political systems at city level and their relationship to state, provincial and national level structures. Power relations between city and upper state systems, and between cities and their constituent populations and civil society, including the urban poor
- Relationship of power and governance systems, particularly on the issue of how urban housing is developed: legislative power to manage housing delivery, to develop housing, to initiate projects, set and control budget, control land etc.
- The role of cities in housing development and in securing housing rights; how cities deal with problems of land and eviction
- Constraints faced by local governments in their efforts to deal with: land, finance, affordability of housing, institutions, delivery systems, innovations, failures, successes, etc.
- Causes of those constraints, and what can be done to remove those constraints? What innovations and new ways to do this?
- Examples of projects, programs, approaches to achieve SDG11, and “housing for all”

4. Financial systems for housing development

- Formal and informal finance systems for housing development in the country, in cities and for people, poor people, private sector, questions of affordability
- What public and/or private institutions support finance for housing development? Does it reach out to all poor people?
- Some examples of good housing finance systems which work for the poor, or do not work well for the poor? What constraints do these systems face to reach the poor?
- What more has to be done on housing finance?

5. Some good examples, practices, innovations, programs, cases and community initiatives that show some light and a realistic and possible direction

This section to be worked on:

- *Women’s cooperative movement*
- *First case in Nepal of private sector banks lending to poor women’s cooperatives for housing.*
- *City funds in several cities, which provide a platform for collaboration on housing and land tenure for local communities, the municipal government, NGOs and the women’s savings groups.*

6. The way forward

- What to do and how to do it to achieve SDG 11, the NUA and “housing for all”?
- *This section being worked on.*

Prepared for the Asian Coalition of Housing Rights as part of a larger Development and Planning Unit, University College London, Project.

A. Summary

Pakistan is the seventh most populous country in the world. According to the 2017 Census, its population is 207.7 million and has grown at the rate of 2.4% per year in the intercensal period. Its urban population, on the other hand, has grown at the rate of 2.7% per year during the same period and is estimated at 75.5 million.

The urban housing demand in Pakistan is 350,000 units. Of this 62% is for lower income groups, 25% for lower middle income groups, and 10% for higher and upper middle income groups. The formal supply per year is 150,000 units. The unmet demand is taken care of by the creation of informal settlements of two kinds: one, occupation and subdivision of government land (*katchi abadis*) and two, by the informal subdivision of agricultural land (ISALs) on the periphery of the urban settlements. In the last two decades, however, the demand is increasingly being met by densification of existing low and lower middle income settlements.

Rural to urban migration is taking place on an unprecedented scale because of the demise of village self sufficiency which was the product of caste and a barter economy, both of which are in their last throes. At present, the State has no plans for dealing with the migrant influx. It is also not in a position to provide them with homes and their options of living in *katchi abadis* or ISALs in the absence of the availability of land near the ever expanding urban centers are becoming difficult due to an increase in cost, distances, and the inconvenience related to commuting. To respond to these problems low rise low income settlements near places of work or town centers are informally becoming high rise, with all the physical and social problems of unplanned densification. The units are also becoming increasingly smaller so as to become more affordable. Meanwhile, for the first time in Pakistan's urban areas (especially in Karachi and the larger cities) we are seeing people sleeping under bridges, roundabouts, pavements, and open-air 'hotels'.

The politician-developer nexus is producing gated communities for the elite and middle classes, segregating cities further into rich and poor areas, and thus increasing the possibility of urban conflict. The process of gentrification is taking away space from the public and transferring it to the rich and the middle-class. This is being facilitated by large loans from the international financial institutions leading to massive speculation which needs to be contained. This speculation has put housing beyond the reach of even middle-class young couples.

The provincial governments are promoting regularization and improvement of informal settlements. However, in Karachi, through new legislation, they are also promoting their demolition and conversion into medium and high rise apartments through the developers. They feel that this will integrate them into the city. Although finances for such large interventions are not available, and even if they were, they are not feasible for social and political reasons. What is required are house improvement loans for the *katchi abadis* and technical advice on how to use those loans effectively. In addition design and technical advice is also desperately required to the actors in the informal densification process. This advice can be given to the individual families, neighborhoods, or to the informal developers and contractors working in the low income settlements.

The credit facilities available through banks and the House Building Finance Company (HBFC) are not sufficient to cater to even a fraction of the demand. Without a reform in these institutions and their means of raising and disbursing funds, the situation will not improve. A very important element that needs to be introduced if the housing demand is to be met better is the creation of credit for the purchase of land for individuals as well as small cooperatives. To freeze the shelter shortage to present levels (8.5 million back log growing at the rate of 200,000 units a year) an outlay of Rs100 billion would be required annually for the next 10 years, whereas the 2017-18 national budget has allocated only Rs 2.329 for housing.

The State is transferring its responsibilities to companies. A number of municipal functions have already been transferred, including the collection of revenue in some cases which is no longer the responsibility of the State. If this policy is to be pursued there has to be a very strong regulatory framework which protects the poorer sections of the population. It has been seen in the case of electricity that the poorer sections

cannot afford to pay their energy bills since the costs are exorbitant. They also have to bear the brunt of 'load-shedding' as opposed to the higher income settlements. In the case of solid waste management, the *katchi abadis* have been ignored. Unlike 15 years ago, a family has to pay to enter a park for recreation purposes and has to pay a parking fee to park their motorbike or car. According to the Urban Resource Center's (URC) research, low income visitors to the more expensive parks have declined. A heavy toll tax has been placed on motorways and national highways making travel very expensive in one's own vehicle. Unlike before, the State ignores protests from communities who increasingly use NGOs or political parties as go-betweens for negotiation purposes. The resulting culture has, apart from creating dependence, created a distance between government agencies and communities. The State does, however, listen to community projects which it showcases and which are increasingly becoming a drop in the ocean of capitalist domination.

The expansion of urban centers, in the absence of land use planning or its implementation, is swallowing up valuable agricultural land and damaging the ecology of the regions in which the cities are located, depleting water resources and polluting water bodies. It is also destroying geological formations, forests, and natural drainage systems. This is causing flooding and bringing about a rise in temperature, creating heat island effects in the urban areas especially in the high density high rise informal settlements. If unchecked these environmental hazards will increase. There is a need for new building design and technology which is affordable for low income groups (especially with relation to insulation of external walls and roofs of buildings, planting trees) to deal with the effects of climate change. Urbanization on the periphery is also destroying traditional cultural precincts, intangible cultures and archaeological sites. With the neoliberal regime and its emphasis on direct foreign investment, master and strategic planning has been replaced by unrelated projects for which funds are available in the international market and with international financial institutions.

If we accept that this will remain so for the future, then we need to develop a criterion for judging projects. The URC in Karachi has developed the following criteria; that projects shall not destroy the ecology of the region in which the city is located, that the project should serve the interests of the lower and lower-middle income groups who form the vast majority of the populations of urban centers as priority, that land use should be decided on the basis of social and environmental considerations and not on the basis of land value alone, and that projects should not damage the tangible and intangible culture of the communities that live in urban areas.

However, the most important issue is related to land, its use and conservation. The URC in Karachi is of the opinion that Pakistan requires a serious urban land reform whose major ingredients would be; one, a heavy non-utilization fee on land and property. Two, an urban land ceiling act whereby no one person can own more than 500 square meters of urban land. Three, that no settlement should have a density of less than 400 persons per hectare. And four, no person who has taken a loan for house building once should be given another loan. In the presence of a powerful developers lobby and elite interests, it is difficult to implement such an urban land reform but given the changing political scenario in Pakistan and the activism of the higher courts such a conversation can take place.

The above recommendations will need time and effort. A more important reality is that for the foreseeable future housing will increasingly be provided by the formal and informal private sector. Formal because increasingly funds are being made available for it and informal, because there is a demand for it and there are huge profits that can be made from it with very little investment. To deal with this situation there is need for some sort of intervention to make the formal and informal housing product better designed and more affordable. It is also necessary to develop ways to open land for informal development through the provision of appropriately located road infrastructure and by enacting legislation through which the state can acquire vacant land for low income housing.

Academic institutions give a great deal of emphasis on community housing projects. This is important. However, it is also important that they understand the present formal and informal capitalist mode of housing production, its potential and its constraints so that they can make relevant interventions in the process and come to conclusions, especially on density, space per person, energy and their relationship with architecture and planning, for different Pakistan contexts.

There are many peasant and indigenous peoples' movements against urbanization of agricultural land, water resources, cultural sites and orchards. These are environmental issues and need the support of academic institutions and civil society. If the movements are strengthened then the political establishment and the courts of law, especially the environmental tribunals, will take note of it. Many related issues are already before a supposedly pro-poor and involved Supreme Court.

B. Text

"The State shall provide basic necessities of life, such as food, clothing, housing, education and medical relief, for all such citizens, irrespective of sex, caste, creed or race, as are permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment".¹

1. Pakistan

Pakistan is a federation of four provinces located in South Asia and bordered by Afghanistan, China, India, and Iran. Its coastline lies along the Arabian Sea and the Gulf of Oman. The provinces that make up the country are Sindh, Punjab, Khyber-Pakhtunkhwa (formerly known as North West Frontier Province), and Baluchistan.

Pakistan came into existence as a result of the partition of British India in 1947. The country has an elected national assembly, which is the lower house of parliament, and a Senate which constitutes the upper house. In addition, each province has an elected provincial assembly. The local government at the district level has mostly been subservient to the provincial bureaucracy.

Pakistan contains 2.3% of the world's population. It is the seventh most populous country in the world. According to the 1998 Census, its population was 132.4 million and had grown at the rate of 2.6% per year in the intercensal period. Its urban population, on the other hand, had grown at the rate of 3.5% per year during the same period and was estimated at 43 million².

2. Population

Pakistan's urban and rural populations at the last census before Independence (conducted in 1941) were 4 million and 24.2 million respectively. At present, the urban and rural populations have increased to 75.58 million and 132.18 million respectively as per the 2017 Census³.

Demographers have questioned these figures, especially in relation to the urban population which they feel has been understated. This understatement is related to three reasons. One that, for the 1981 and 1998 census the definition of urban was changed to mean only those human settlements which had municipal governments. In the earlier definition, settlements of 5,000 and above population which had urban characteristics could be considered as urban⁴.

3. Background to the Current Situation

As a result of the partition of India and the creation of Pakistan, there was an exchange of populations. Seven million Muslims from India migrated to Pakistan and about 6 million Hindus and Sikhs migrated to India from Pakistan. All of this happened within three months. As a result of this migration, the population of many towns in Punjab and Sindh increased by well over 50% and in the case of Karachi by over 100%⁵. The government faced an immense housing crisis. This is brought to light by the 1951 census which recorded over 48% of urban Pakistanis saying that they had migrated from India.

Initially, the refugees invaded all open public spaces. They were removed from most of these and settled into what were known as displaced peoples' colonies. To facilitate the provision of services to these colonies, organizations known as improvement trusts were created such as the Karachi Improvement Trust or the Lahore Improvement Trust. These were managed by the provincial bureaucracy in a very top-down manner. Many of these colonies became permanent settlements with the people acquiring tenure rights.

In the early '50s, the government initiated the building of core houses for the refugee populations. In the case of Karachi, the program was very ambitious and sought to build 40,000 houses in the first phase. However, due to financial and administrative reasons and the lack of capability and capacity in the implementing agencies, the program was abandoned after building only 10,000 housing units. Following this failure, the government developed plot townships where it provided a plot, water by tanker trucks, a service road, and left the house building and service acquiring processes to the residents⁶. These townships too were also on too small a scale to meet the demand and with internal migration increasing rapidly in the '50s and '60s, the demand increased phenomenally.

¹ Article 38 D. Promotion of Social and Economic wellbeing of the People, Constitution of The Islamic Republic of Pakistan

² Hasan, A. (2006). The Scale and Causes of Urban Change in Pakistan. Ushba Publishing International, Karachi.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Hasan, Arif (2000). 'Housing for the Poor'. City Press, Karachi.

To meet this demand, two informal processes emerged through which the majority of Pakistanis have acquired their homes. One was the informal subdivision of government land (ISDs) (see Box 1). The second is the informal subdivision of agricultural land (ISAL) on the city periphery (see Box 2).

Box 1: The Evolution of Yakoobabad (Informal Subdivisions on Government Land)

Yakoobabad is an informal settlement in Orangi Town, Karachi⁷. Before 1977, it was vacant land belonging to the Board of Revenue (BOR) who had given it on a one-year renewable lease as pasture land to an elder of the Rind tribe (hence for the referred to as X). In February 1977, Y, who is a well-known informal developer moved onto X's land with 100 destitute families whom he provided with bamboo posts and mats for constructing shacks. X resisted the occupation and there was violence. The local police station intervened and arbitrated. It was decided that the Rind tribe would receive Rs 500 for every plot that was developed by Y. The plots given to the 100 destitute people were exempt from payment and Y also did not receive any payments for them. It was also agreed that Y would pay Rs 200 per plot to the Karachi Municipal Corporation (KMC) officials from the sale proceeds and then the police would recover Rs 200 or more from the owners as a converted their shacks into concrete construction. After this, Y laid out Yakoobabad on a grid-iron plan, leveled the roads by informally hiring tractors and a bulldozer from the KMC staff and left an open space for a mosque and school. Commercial plots were set aside for speculation along the main roads. Negotiations were entered into with representatives and touts of government officials who could be of help in the future development of the settlement and 30 percent of all plots were set aside for these officials for speculation purposes. Whoever purchased a plot, except the KMC and government officials, had to construct a house in a month's time and move in failing which he/she would lose their plot and the money they had paid for it. Thus, speculation was prevented and the settlement expanded fast.

Y engaged donkey cart owners to supply water (illegally acquired from the KMC water mains in Orangi) which was paid for by the residents. A few weeks after the first shack was built, a contractor, Nawab Ali, established a building component manufacturing yard in the settlement and started supplying concrete blocks and tin roof sheets along with technical advice and small credit for house building. By 2000, 92 percent of the families had built their homes with support from Nawab Ali and 62 percent had taken credit from him. Another entrepreneur, Faiz Muhammad Baloch, moved into the area and set-up a generator and started supplying electricity to the residents at the rate of Rs 30 (payable in advance) per month for a 40 watts bulb.

Y formed a welfare association of all the households who purchased a plot from him and got it registered. Through the association, he has lobbied for infrastructure and improvements with the help of officials and politicians who held plots in Yakoobabad. As a result, by 2000, Yakoobabad had become a proper settlement with electricity, telephone, water, and gas connections. Also, by 2000, the area had 10 primary schools, two secondary schools, six clinics and paved roads including 401 micro-enterprise units providing employment to over 2,600 persons in the settlement.

Source: Hasan, Arif; *Understanding Karachi*, City Press, Karachi, 2000

The Informal subdivision of agricultural land is a very different phenomenon from informal subdivisions of state land. The ISDs came to be known as *katchi abadis* whereas ISALs came to be known as slums in official documents. ISALs, though informally developed, have tenure security which the *katchi abadis* do not.

Box 2: The Informal Developers of Faisalabad⁸ (Informal Subdivisions on Agricultural Land)

Chaudhary Ghulam Rasool Cheema is an informal developer in Faisalabad. His family came from Gurdaspur in India and lived near a village on Jaranwala Road. His first job was as a WAPDA storekeeper.

⁷ Karachi is the capital of the province of Sindh and is the most populous city in Pakistan. It contains 9% of Pakistan's total population and 24% of the country's urban population. It generates 15% of national GDP, 25% of the country's revenues, and 62% of income tax. It is also Pakistan's media center, economic hub, and the country's only port. (source: master plan group of offices, city government 2007)

⁸ Faisalabad is arguably the most important secondary city of Pakistan. It is the center of the country's textile industry. In 1941 it had a population of 69,930 and in the 1998 census it had a population of 2,009,000 (source: The 2004 Baseline Survey on Millennium Development Goals in AACs Chapter 6 Faisalabad, Pakistan). It is expanding rapidly through the Informal Subdivision of Agricultural Land (ISAL) and as an important academic center for the Punjab province.

He began this business because his salary was not enough to support his big family. He has been a member of the Pakistan People's Party and later of the Pakistan Muslim League.

To begin his business he sold a piece of land that he had in his village which is about 20 kilometers distance from Faisalabad. He chose to work along the Jaranwala Road because the people of the area knew him because of his political activities. He planned his first housing scheme in 1990 but work on it started in 1994. Up-till now he has completed five small schemes each having 70 to 150 plots. The size of the plots is usually 5 marla and the measurements are 30 feet front into 45 feet depth. The streets are 20 to 28 feet wide. He raises the streets 2 feet above the road level. If the streets are not raised then people do not buy the plots because they are afraid that the settlement will get flooded. The earth-work for the streets is done by the Afghani who have trolleys and jack machines for this job.

Local people do not do this work since they have no experience in it and no machinery. For setting up his business he employs two persons as office staff. However, he hires a number of "field workers". These field workers contact prospective clients, prepare layout on site and supervise earth filling. When a project begins he usually has about 20 field workers who provide forms to the clients at Rs 10. If they sell ten forms in a day they earn Rs 100. For the advertisement of a scheme, a pamphlet is prepared and is given in newspapers inviting young middle or metric educated boys to come and work as field staff. These boys go to the areas which are congested or where people do not have their own houses.

They brief them about the scheme and try to convince them that they should buy a plot. Most of the boys who respond to Mr. Cheema's ad, already have experience in this field. They are given a further incentive of a commission for each plot that they sell. The planning of the scheme is done by Mr. Cheema himself after which the sketches are provided to a draftsman for further development. The draftsmen who work for him are FDA employees and are hired by him on a per job basis. The most important criteria for the purchase of land for the scheme is the availability of transport, which means access to the main inter-city road, and electricity. If the land is more than 2 kilometers from the inter-city road, the scheme does not sell. There is no attempt to develop corner plots or commercial plots. It is simply a 5 marla subdivision. In the smaller schemes, Mr. Cheema provides no services such as water, sewage or electricity.

People acquire water by hand pumps, which they later convert to piston pumps, sewage through self-help (it invariably disposes into a canal) and electricity through lobbying with Water and Power Development Agency (WAPDA). The developer does not keep any plot for speculation but 30 percent of the plots normally remain unsold for a period of 3 to 4 years. There is a written agreement with the person who purchases the plot and proper records of receipts of installments paid are maintained. People invariably pay regularly by coming themselves to Mr. Cheema's office. For the transfer of land from the landowner to Mr. Cheema, both the parties visit the divisional headquarters where land records are kept. Here they pay the legal as well as "the other" charges. In the revenue department ledger, land remains as agricultural and streets and roads are recorded as amenities. The cost of transfer of land to the developer is borne by the purchaser.

When Mr. Cheema started his business in 1990, he had to look out for people who wanted to sell their agricultural land. Now that people know that he is in business and has an office where plans are displayed, landowners come to him themselves. Also, wherever he develops a scheme, he puts up a board on which the name, plan, and details of the scheme are given. Mr. Cheema says that the success of these schemes lies in the fact that the developers have understood what a poor man can afford to pay and they act accordingly. He also says that if the government could support this activity and provide the developers some loan, then in two to three years time there would be no one left in Faisalabad who was homeless.

Source: *Observations and interviews by the lead author.*

According to Faisalabad Development Authority (FDA) estimates, informal developers are subdividing agricultural land for housing on a large scale (2000-2500 plots per year) to meet the housing demand which is estimated at 7,000 (units) for the low-income groups. There is no housing scheme in the public sector and one of the reasons for this is that the FDA does not own any more land. In addition, there is no plan to integrate the informal housing projects into a larger city plan. Of the schemes that the informal sector develops, not even 10% are approved by the FDA and in many cases, the FDA has no full information of them.

Between 1947 and 1998, Faisalabad's population has increased by about 1.9 million. A minimum of 200,000 housing units would be required for this population increase. However, between 1947 and 1998, the

government has been able to provide only 38,785 plots and houses. This includes nuclear houses and 22 flats developed for the residents of bulldozed *katchi abadis*⁹.

A Comparison of ISDs and ISALs		
	Informal Subdivisions on Government Land (ISDs)	Informal Subdivisions on Agricultural Land (ISALs)
1	On government land.	On private agricultural land.
2	A diminishing phenomena (mainly in Sindh).	Increasing rapidly all over Pakistan.
3	A government official-middleman joint venture (often politicians involved).	A middleman-landowner joint venture facilitated informally by government officials.
4	Middleman overheads are bribes and <i>bhatta</i> .	Middleman overheads are minimal.
5	Speculation is controlled by forcing occupation of land.	Speculation is not controlled and so part of schemes may remain vacant for years.
6	Initially no security of tenure.	Security of tenure.
7	Large schemes in Sindh (Karachi).	Small schemes (average of 60 plots).
8	Large plots, proper roads, amenities.	Increasingly smaller plots, narrow roads, no amenities.
9	Located wherever there is accessible government land.	In ½ to 1 km width along the corridors existing in the urban areas.
10	One-time payment for land to middleman but <i>bhatta</i> is paid till the settlement is secure.	Payment in installments for land to the middleman. No <i>bhatta</i> .
11	Strong middleman backed community organizations for acquiring: tenure rights and infrastructure (which is seen to add to tenure security).	CBOs formed by public-spirited individuals/groups. These are few in number.
12	Government inputs: the Katchi Abadi Improvement and Regularization Programme (KAIRP).	MNA/MPA/Councilor ad-hoc schemes.
13	Purely poor communities.	Also for middle-income groups.
14	-	Informal Cooperatives.

4. Current Housing Situation

The current housing situation and trends are given below.

The number of housing units between 1980 and 1998 increased by 2.47 million, which is an increase of almost 70 percent (69.6%). Persons per room declined from 3.2 to 2.6. One room houses decreased from 42.58% to 30.38% and 2-4 room houses increased from 13.68% to 19.11%. This shows an overall improvement of the housing conditions in the country. However, there are major provincial differences between the provinces. In Baluchistan for instance, persons per housing unit increased from 7.6 to 7.8 and in KPK to 7.9 while the national average stood at 7, with Sindh having the lowest at 6.8¹⁰.

The current housing demand and supply is given in the table below: ¹¹

Total demand per year	700,000 units
Urban demand per year	350,000 units
Rural demand per year	350,000 units
Lower income group	62%
Lower middle income group	25%
Higher/upper middle income group	10%
Formal supply per year	250,000 units
Urban supply per year	150,000 units
Rural supply per year	100,000 units

⁹ Hasan, Arif. Aleemuddin, Salim. Sadiq, Asiya. The work of the Anjuman-e-Samaji behbood and the larger Faisalabad context. Working Paper. IIED.

¹⁰ Government of Pakistan Census Reports

¹¹ Jabeen, A. Sheng, H. X. Aamir, M. (n.d.). 'Housing Crises in Pakistan: Review of Population Growth and Deficiencies in Housing Laws and Policies'. International Journal of Sciences: Basic and Applied Research (IJSBAR).

About 25% of the unmet demand is accommodated by the creation of katchi abadis, 60% through the informal subdivisions of agricultural land (ISALs) and 15% through the densification of inner cities¹². In addition, there is a total annual housing backlog of around 605,000 of which about 50% is urban¹³. As a result, the katchi abadis and ISALs keep growing as is illustrated in the table below for Karachi.

Karachi's Katchi Abadi Population				
	'70s (1978)	'80 (1985)	(1998)	2006
Population	2,000,000	2,600,000	4,901,067	8,540,000
Number of households	227,000	356,000	700,152	1,200,000
Percentage of population	55 %	43 %	50 %	61 %

5. The *katchi abadi* Improvement and Regularization Program

In the 1970s election, the Pakistan Peoples' Party (PPP) with its socialist agenda came to power and initiated the "*malikana huqooq*" or ownership rights program whereby it sought to regularize and *improve katchi abadis* on government land. However, a proper law was enacted only in 1978 giving the provinces the right to legislate on the regularization processes and institutional arrangements.

Initially, local government at the district and sub-district level was given powers for this process and they created *katchi abadi* directorates. However, these local governments in Sindh and Punjab, where most *katchi abadis* were located, were subservient to the provincial bureaucracy and so, the urban development authorities also became one of the regulating authorities/institutions. In the case of Sindh the Sindh Katchi Abadi Authority (SKAA) under the provincial government was created for this purpose. As such, elected local bodies were not directly involved in the regularization process. Over time, through election promises and their fulfillment, the majority of *katchi abadis* in Pakistan had been regularized and in the case of Karachi, 72% had been regularized.

The Junejo government in 1987 announced March 23, 1985 as the cut-off date for the regularization of *katchi abadis* in Sindh. However, because of a delayed delivery of plots, the bulk of the poor population was unable to benefit from this. As a result, the cut-off date was later extended to June 30, 1997. Meanwhile in the Punjab the cut-off date was extended to 31 December, 2011. The cut-off date means very little because it does not prevent the *katchi abadi* from densifying upwards and often encroaching on adjacent land if it is available.

Unlike the *katchi abadis*, the ISAL have not been the beneficiaries of a national program. Their acquiring of amenities and upgrading has been carried out by MNA, MPA, Councilor funds, and local government projects. As long as the local governments were empowered between 2001 – 2008, considerable funds were used for providing water, drainage, and street paving to the ISAL settlements. The provincial governments, on the other hand, have not provided the local government with sufficient funds to continue with this work as before¹⁴.

6. The Regularization Process

The regularization process involved a lot of paperwork on the part of the house owner and visits to a number of offices. As a result of this, even though there have been improvements in the *katchi abadis* a very small number of people have actually acquired leases. The notification of regularization of a *katchi abadi* provides defacto ownership to the residents. Paperwork involves making a plan of the house as well and working out areas and dimensions. Since this is beyond the capability of the house owner, middlemen have emerged who make all the documentation required for the lease and undertake to get the necessary lease document as well. This is done at a considerable fee.

7. Current Housing Policy

The current housing policy officially in use was framed in 2001. It dealt with a number of issues. It gave priority to the identification of land for housing by provincial and local authorities and removing bottlenecks from the land acquisition process and emphasized resource mobilization and encouraged institutions to give mortgage loans for housing purposes at market rates. In addition, it proposed a housing refinance window at the state bank of Pakistan for long-term multilateral agencies. Further, it also gave incentives to the

¹² Ibid.

¹³ Calculated by the authors using government figures and reports.

¹⁴ Interview with Hafiz Rashid, Director, Punjab Katchi Abadi Directorate. 19 May, 2018.

construction services sector to build for low-income and lower middle-income clients and proposed further regularization for the *katchi abadis* and the slums through resettlement plans, emphasizing that no eviction shall take place from slums and *katchi abadis* unless residents are relocated. The necessity of research on building materials and construction technology in order to respond to the housing crisis was also identified. An important section of the report deals with women in housing and community participation and emphasizes the need for women to be a part of the decision-making process in housing-related fields.¹⁵

Although political parties have promised much (**see Box 3**) very little of the policy recommendations have been followed except for support to the builders in accessing loans, in reducing taxes on them, and increasing the number of *katchi abadis* for regularization purposes. The other important recommendations on housing finance have been implemented and the process of acquiring loans has been considerably liberalized. As a result, many banks are today providing mortgage finance. The policy also recommends that provincial governments initiate legislative measures encouraging even the smallest administrative units to effectively implement the policy. The lower middle income groups are the main beneficiaries of these policies.

Box 3: Unfulfilled Promises: Incomplete Housing Schemes

The PPP had announced a project under which the poor would be provided with affordable homes and plots in all cities of Sindh including Karachi. This project, to be commenced under the Shaheed Benazir Bhutto Housing Cell, was to cater to around 15,000 underprivileged families. The former chief minister, Qaim Ali Shah had approved the allocation of 350 acres of land in different parts of Karachi for this project. However, the land was never transferred to the Shaheed Benazir Bhutto Housing Cell. The land utilization department under the new administration of the housing cell issued challans worth Rs 170 million to transfer ownership of the land to the housing cell in June 2016. The release of the payment was delayed and so was the transfer of the land. Because of the delays, the land near Surjani Town has already been illegally occupied and there is fear of the rest of the land also being encroached upon. In Hyderabad, a project was planned to provide 300 families with plots at low rates on a total of 19 acres of land. Rs 4.6 million were to be provided to the land utilization department so that it could obtain ownership of the land, this is yet to happen. 12 acres of land has been allocated for 200 families in Mirpurkhas, and 5 acres of land has been allocated for 120 families in Nawabshah. No work has commenced on either of these projects. Instead, the projects suffered from reports of financial irregularities, a lack of administration, and a serious questioning of the quality of construction by the Housing Cell. All of this resulted in the National Accountability Bureau (NAB) arresting the former chairperson and technical director of the cell, Manzar Abbas, along with several other employees in 2015.

Prime Minister Nawaz Sharif announced Apna Ghar Housing Scheme in 2013, the project has yielded nothing so far except for files. The manifesto of the PML-N promised to provide at least 1,000 clusters of 500 houses each. The provinces were to provide the land free of charge and the construction costs would be taken up by the Federal Government. This project was to be completed within the span of 5 years. Of the Rs 350 million asked for by the Housing Ministry, the government allocated only Rs 10 million. The project also does not have a permanent chief executive or related staff to run the programme and the project continued to be on the least priority agenda for the government throughout their term.

Imran Khan of PTI has announced the completion of 5 million new housing units within the first 100 days of his administration despite being the fourth provincial government to have failed to complete the Regi Model Town launched 26 years ago. Regi Model Town has 26,000 plots and is the oldest and largest housing project in the province. Out of 5 Zones, Zone 3 and 4 of Regi Model Town have 10,000 housing units in them which the PTI government failed to develop. The Peshawar Development Authority (PDA) has been accused of spending the funds for Regi Model Town on other projects. Only 600 houses have been built and a few dozen are under construction however, there are no facilities available to the residents except for electricity and water. The residents were promised gas connections 3 years ago which are also yet to be provided.

Sources: 1. Haq, Riazul (August 1, 2016). 'PML-N's low-cost housing scheme limited to files'. The Express Tribune

2. Abro, Abdul Razzaq (November 13, 2017). 'PPP-led Govt. fails to initiate low-income housing schemes'.

The Express Tribune

3. Yousefzai Mushtaq (May 25, 2018). 'Pti 5 Million New Homes Pledge'. The news

¹⁵ Ministry of Housing and Works (2001). National Housing Policy. Government of Pakistan.

Despite liberalizing the availability of mortgage loans, the poor are still not beneficiaries simply because no loans are available for the purchase of land. To add to this, loans for house building require a collateral or a formal sector job, both of which the poor don't have (72% of all jobs in Pakistan are informal). The high interest rates on these loans also make them unaffordable to these poorer populations. However, the banks have now started to accept a leased *katchi abadi* house for funding house improvement.

In the first decade of the twenty-first century, Pakistan adopted neoliberal policies for its economic and housing sectors. As a result of this, families have to simply access the market which is dominated by developers in the big cities. The developers acquire land from private owners or from government planned schemes and get loans approved for their clients from the HBFC thus making their product less unaffordable to their clients. Large developers such as the Defense Housing Authority (DHA) (see Box 4) develop raw land which they acquire from the State, as huge townships and sell it for commercial and residential use. More recently, developers have also started to cater to the lower middle classes but to make the product affordable they make the units far too small for a family of 5 to live comfortably in them.

Residents feel that their *katchi abadis* were more friendly in social and climatic terms. These developers and their clients have extremely bad relationships since the clients accuse the developers of cheating and bullying them. As a result of this, the clients usually form associations which eventually take over the maintenance of the housing complexes. The developers and DHA mostly develop sites and services for high and middle-income groups in gated settlements. These schemes are not created in response to a housing need; they are created because it allows them to earn profits through which they run their institutions.

Box 4: The Defence Housing Authority Townships (DHA)

The Defense Housing Authority Karachi was initially called the Pakistan Defence Officers' Cooperative Housing Society (PDOCHS) and was developed under the 1860 Societies Registration Act. It is the largest cooperative society, having about 7,000 acres of land or 5.0 percent of the city area.

At the end of the 1970s development was proceeding at a snail's pace and the society's financial situation was deteriorating. In order to avert a crisis, the then military dictator of Pakistan, General Zia-ul-Haq, dissolved PDOCHS through an order and formed the DHA as an autonomous new authority with extensive development rights. Clifton Cantonment was established as a part of this process, with the express purpose and mandate of looking after and maintaining the DHA.

The DHA now has its own development plans, strategies, and by-laws, and is not bound to follow development decisions made by the city administration. Like other cantonments, it can share, consult with and receive advice from the city government regarding development decisions, but is not bound to follow its advice. All of the lands DHA holds is located in prime sites.

It recently acquired an additional 5080 hectares of land to develop DHA city on the city fringe. Through the power of the army, the DHA and its affiliated cantonments have become major players in land politics, leading to land and property speculation for and by the elite.

The DHA exists in all the major cities of Pakistan and is now establishing itself even in the secondary cities. There are serious accusations against it of acquiring rural land and villages through coercion and use of its power base.

Sources: 1. Hasan, Arif et al. (2015). Karachi: The Land Issue. Oxford University Press, Karachi.
2. Ezdi, Rabia. Unpublished Papers.

As a lot of property is being built exclusively for profit, there is a huge speculative market and there are properties all over Pakistan that have been vacant for over two decades or even more. In the case of Karachi, there are over 300,000 plots lying vacant and 68,000 apartments. It is also estimated that there are over 200,000 apartments under construction in high rise buildings of 12-40 floors in the city. Most of these are on the immediate fringe of the city¹⁶, most in gated settlements, and almost all housing schemes have the support of the HBFC. The citizens prefer gated communities because of the security situation in Karachi which is the result of the Afghan war and Karachi's association with it. The larger developers are very close to politicians and have a number of joint ventures with them. They also invest in the elections to the national

¹⁶Interview with Engr. Nadeem Ahmed Khan. Ex-Director of the Sindh Building Control Authority (SBCA). July 2018

and provincial assemblies of persons who they think would be of use to them if they came to power. One such developer is Bahria Town Karachi (BTK) (**see Box 5**).

Box 5: Bahria Town Karachi (BTK)

Bahria Town is a privately owned real-estate development company based in Rawalpindi. The Company was founded in the late 1990s and has been developing gated communities since then. Currently, it has developed six gated communities namely; Bahria Rawalpindi, Bahria Islamabad, Bahria Lahore, Bahria Karachi, Bahria Nawabshah, and Bahria Golf City.

Bahria Town Karachi (BTK) is the largest of these. Spread over 16,000 hectares (40,000 acres) it is estimated to house around 1 million people and the total cost of the project is a little over \$1 billion.

This land has been acquired through political patronage and much of it was owned for centuries by villagers. Most of them were herdsmen and this land was their pastureland. BTK has coerced these villagers (residing in almost 45 villages) into abandoning their properties through encroachment, threats, arrests, harassment and the bulldozing of their settlements. All this has been done with the support of the police. Apart from bulldozing poor settlements, BTK has also bulldozed many historical sites such as shrines, temples and a Buddhist stupa present within the vicinity.

This was largely done with support of the Malir Development Authority (MDA) by manipulating its laws through passing amendments that violate other sections of the law, namely; the Disposal of Plots Rules 2006 framed under the MDA Act. Section 17 of the Colonization Act of 1912 has also been violated. The Supreme Court has recently taken notice of this, formed a committee, and stopped the transfer of properties.

BTK's development also encroaches upon the water supply to Karachi. The evictions mentioned above are creating a new housing problem and the project is creating a major ecological disaster.

Sources: 1. Zaman, Fahim and Ali, Naziha (18 April 2016). Bahria Town: Greed Unlimited, Dawn.
2. 100,000 win right to buy Bahria Town plots. (2014, March 24). The News.
3. Shaheen, A. (2016, April 01). Possession ahead of time: Bahria Town offers excellence, affordability.
The Express Tribune

BTK and DHA both coerce landowners on the periphery of the city to surrender their lands to them with the help of the police. Since very little land in sufficient large plots is available within the cities much of the townships being developed by the developers are beyond the peripheries of these cities, causing serious ecological damage to the peripheries of big cities in Pakistan (**see Box 6**).

Box 6: Ecological Damage in Karachi and Multan

The construction of elite gated communities and informal settlements is causing a lot of ecological damage in and around the cities of Karachi and Multan. Similar damage is being caused to all cities where population pressure is increasing.

Karachi faces these repercussions in the form of floods which occur not because of climate change, but because of encroachment on the outfalls to the sea by elite housing projects and land reclamation for informal settlements. The reclamation from mangroves (about 15,000 hectares in the last 5 years) has damaged flora and fauna. The city's expansion evicted 2,800 plus villages destroying the rural economy and impoverishing the rural population. Further, in 1985 70% of Karachi's vegetables/fruit requirements came from its rural areas. In 2013, this was reduced to 10%. To add to all of this, 60 billion cubic meters of sand and gravel has been illegally lifted for construction from the seasonal rivers preventing water run-off, thus making recharging of the aquifer impossible and depleting the rainwater aquifer on which agriculture depends.

Multan is a typical example of a major city surrounded by prime agricultural land. Housing schemes have encroached over its once-fabled orchards severely damaging the country's mango produce. An example of this is a gated society called the Buch Villas that have been constructed over land that was previously mango orchards. Bund Bosan, Royal Orchards, and Wapda Town Housing Scheme, among others, have all been constructed over the heartland of mango-growing areas of Multan. This has resulted in entire orchards being uprooted from the land and families being uprooted from their ancestral trade.

Multan's mango orchards are spread over 44,000 acres of land. Around 48 big housing schemes have been developed on 7,817 acres of land, of this 2,043 (26%) of the land was previously composed of orchards. The number of legal and illegal housing societies in Multan is 460, the majority of these have been built over agricultural land and additional orchard area has already been marked for sale. The DHA scheme is proposed to be built over 9,000 acres, most of the proposed land is where mango orchards currently stand. The increase in property prices was also a factor for many owners of mango orchards to sell their land. One acre of land in DHA Phase-1 would previously cost between two and three million rupees, whereas it now costs between six and ten million rupees (a 200-300% increase).

All of this has added to the climate concerns mango growers were already facing. The resulting lower productivity and heavy losses have forced the mango growers to ax their orchards for some substitute income which gives way to a very daunting future for the country's mango industry and all its stakeholders.

Sources: 1. Ahmed, Shakeel (2017). Multan's Missing Mangoes. Dawn. Insert date
2. Farhan, Anwar (2013). People and the Land: Rural Karachi, A Case Study. Network for Social Accountability.

The rapid and exponential growth in the housing market over the last three decades has pushed house-ownership beyond the reach of middle-class couples. However, the Supreme Court's (SC) recent ruling on BTK along with its measures seems to suggest that the market is moving towards some structural change¹⁷.

8. Financial Policies

There are severe budgetary constraints at the federal and provincial levels as miniscule allocations are made for housing needs. This is illustrated in the table below.

Government Spending on Housing and Community Amenities (billions of rupees)	
National Budget 2012 – 2013	1.855 (population 177 million)Rs 10 per person
National Budget 2017 – 2018	2.329 (population 207 million)Rs 11.5 person

These allocations are insignificant in comparison to an estimated minimum outlay of PKR 100 bn. p.a. needed for the next 10 years to freeze shelter shortage at present levels (8.5 million low-cost housing units growing at 200,000 units per annum due to rapid urbanization and lack of supply¹⁸).

It has been established that the minimum amount required to build a house for a poor family is PKR 500,000 (US\$ 5,556 at current exchange rates). A family that earns PKR 15,000 (US\$166) per month should not pay more than PKR 5,000 a month to repay this amount over 15 years. The most important requirement for low-income groups is funding to buy a plot of land in a formal sector housing scheme on which he can build his own house. There is no provision for this with the HBFC. Meanwhile, housing backlog has increased to more than half of the total annual supply. It is against these realities that the financial institutions have been analyzed below.

The high cost of urban land at PKR 20,000 square meter is unaffordable for the lower strata of society. Without free or subsidized government land, urban low-cost housing is a complete non-starter as experienced in several developing countries. The lack of foreclosure laws deters mortgage finance provided by the banking industry. Pakistan's mortgage finance to gross domestic product ratio is under 0.25%, lower than the South Asian average (0.34%)¹⁹. The State Bank of Pakistan too sets no goals for compulsory housing finance by commercial banks as it does for agricultural lending. There also exists a skewed focus in the industry, of the PKR 12 bn annually spent on shelter building activity in the country; nearly all of it is in the private sector and is concentrated on upper middle class and luxury housing schemes as it seems that there is no money to be made in developing low-cost housing. Inflation has had an adverse effect on building materials as key ingredients such as steel and cement cost 250% to 500% more than international prices. Therefore, a 450-500 sqft low-cost housing unit costs twice as much as it should²⁰.

¹⁷ Subohi, A. (2018, May 07). Shake-up in the property market. Retrieved from <https://www.dawn.com/news/1406025>

¹⁸ Note of Mian Asif Said, Board Member HBFC, to Governor State Bank of Pakistan

¹⁹ Housing Finance in Pakistan to Become Accessible and Affordable. (2018, March 29). World Bank Press Release. Retrieved from <http://www.worldbank.org/en/news/press-release/2018/03/29/housing-finance-in-pakistan-to-become-accessible-and-affordable>.

²⁰ Note from Mian Asif Said, Board Member HBFC, to the Governor of the State Bank of Pakistan

The House Building Finance Company (HBFC) has been the only consistently successful institution over the years. It was originally a federal government institution founded in 1952 called the House Building Finance Corporation. It has the largest portfolio of disbursement and active loans relating to housing finance and a strong, dependable relationship with formal sector developers, builders, and staff at every level who understand the housing market. So far it has financed 456,256 houses through disbursing loans worth PKR 47.82 billion (US\$ 0.53 billion). Most formal housing projects and initiatives automatically include a loan facility from the HBFC²¹.

The World Bank recently approved a \$145 million loan in order to expand access to home-ownership to women and the poor by providing them with affordable housing finance. This loan has been approved under the Pakistan Housing Finance Project (PHFP) which is being financed by the International Development Association with a maturity of 25 years and a grace period of 5 years. It aims to extend financial and technical assistance to the Pakistan Mortgage Refinancing Company (PMRC), the Planning Commission (PC), and other institutions. This is of extreme importance as nearly a third of the country's population does not own homes and the pressure rises due to growing demand. The project incentivizes the building of green and energy efficient homes using climate and disaster resilient construction designs and materials²². Apart from the issues mentioned above, the recommendation to regularize and improve *katchi abadis* is still a very important government program for which finances are made available. Upgrading consists of providing water, sanitation, drainage, road paving, and supporting community and NGO initiatives for health and education by providing them with land and grants.

9. Migration and Karachi

According to the 1998 census 10 million or 8% Pakistanis were migrants. 25% had gone to Karachi, Lahore, and Rawalpindi and 13% to Karachi alone. Of total migrants, 63.7% migrated to the urban areas. 46% of migrants were women and children who migrated with the family head²³.

In 1981, Karachi's migrant population was 1.7 million or 33% of the total. In 1998, it has increased to 2.2 million or 22% of the total population. In addition to this, Karachi has, according to newspaper reports, about half of the total "aliens" in Pakistan. This means an additional 2 million persons consisting of Afghans, Bangladeshis, and the Burmese. The Afghans are considered refugees by the UN but the Burmese and Bangladeshis are not. Since they are not Pakistani citizens they are not entitled to vote because of which their settlements are neglected and have very little social or physical infrastructure except what philanthropists and NGOs can provide²⁴.

Its population at the time of partition (in 1947) was approximately 450,000 people²⁵. On the basis of the 2011 house count, it has been estimated that the population has now increased to 22 million people²⁶. This is however contested due to various reasons.

The increase in population described above makes Karachi the fastest growing city in the world as (in numerical terms) no city in the history of the world has grown that fast. This increase is predominantly due to internal migration and migration from India at the time of partition. There has also been conflict-related migration from Bangladesh and subsequently from other places such as Burma, Afghanistan, and Iran. This has been added to by a large and undocumented increase in migrants from KPK following conflict and natural disasters (earthquakes, floods, and drought) since 2005.

As a result of the migration to Karachi, the housing demand has significantly increased. This recently created housing demand has not been met officially and so 62% of the households in Karachi are in informally created settlements which have changed over time.

Earlier on (1951 – 1980s), migration occurred to Karachi from stable societies which had functioning community systems of governance in place. These migrants made a conscious decision to migrate in order to improve livelihoods and families back home. Initially they came and lived with their family elders who had come before them. Today, migrants to Karachi come from societies where community systems of

²¹ Ibid

²² Housing Finance in Pakistan to Become Accessible and Affordable. (2018, March 29). World Bank Press Release. Retrieved from <http://www.worldbank.org/en/news/press-release/2018/03/29/housing-finance-in-pakistan-to-become-accessible-and-affordable>.

²³ Pakistan Census Reports.

²⁴ Raza, M. (2018). Machar Colony: The Context of Housing and the Build Environment, Power point presentation at NED University, Karachi.

²⁵ Census Reports, Government of Pakistan.

²⁶ Cox, W. (2012). World urban areas population and density: a 2012 update. *New Geography*, 5 March.

governance have collapsed or have lost their moral authority making community cohesion difficult and creating a push factor. These villages are entirely dependent on urban produced goods which they cannot afford and so migration becomes the only viable option. The collapse of the caste-profession-barter relationship and the community governance system has resulted in the collapse of village self-sufficiency and feudal authority. This is coupled with a decline in resource and land per capita because of an unsustainable increase in population. As a result, Karachi is being inundated by young men and women who come to seek a fortune in the city.

10. Land and Densification

Ownership of land all over Pakistan is highly contested. Previously, development took place on the immediate periphery of the city. Due to the increasing middle-class demand, the immediate periphery almost all over Pakistan is being held for speculation and development. Informal development is now almost always beyond this land. This makes living for low-income groups difficult because of the cost and time involved in commuting using substandard transport and degraded environmental conditions from the settlement to the work area and back. As a result, hypertension, mental stress, and cardiac disease are common²⁷. Also, physical and social infrastructure is absent in these distant settlements and women have no access to jobs. As a result, it has become cheaper and more convenient to live within the city on rent rather than own a home beyond the periphery. This is leading to the densification of inner-city both formal and informal low-income settlements and city centres abandoned by the rich. (see Box 7).

Box 7: Densification: The Case of Karachi

The housing demand in Karachi is 120,000 units per year of which the formal sector supplies 42,000 units per year, and the informal sector (katchi abadis) supplies 32,000 units per year (approximate figures). The rest of the demand is accommodated through the densification of existing homes.

Between 2005 and 2020, 1.7 million households will be added to Karachi at an estimated 100,000 units per year. This is not possible with the current resources and policies of the government and so informal settlements (katchi abadis) will continue to grow and/or densify.

There also exists a location issue with the emerging informal settlements. In the past, the city was small, land was cheap, there was no middle-class demand and the city periphery was near the city workplaces. Today, the city periphery where cheap land is available exists/has been pushed well beyond the city work areas by middle-income housing schemes and elite gated communities. This creates a demand for housing within the inner city low-income settlements which is being met by the formal and informal market leading to very high densities of between 1,200 to 3,000 persons per hectare.

The densification, of existing katchi abadis is done by changing one or two-storey informally built homes into multi-storey buildings in three ways: house owners build upwards to accommodate the expanding family, house owners also build upwards to create rentals for additional income, and in an increasing number of cases informal developers purchase land from house owners by paying them in cash plus two apartments on the top floor.

This densification leads to smaller and smaller units being created in order to make them affordable (6-10 people occupy a single room). There are no lifts and this adversely affects women, children, and elderly people. Further, no Sindh Building Control Authority (SBCA) rules and regulations are followed in the construction process. Women claim that this densification provides children the freedom to stay away from home, form gangs, and take drugs. The most serious repercussion of this change is that women and children lose the use of the street as public space. In the absence of cross ventilation and insulation the buildings get converted into heat islands causing a large number of deaths. (see Box 8).

Source: Hasan Arif (2015) 'Land Contestation in Karachi and the Impact on Urban Development. IIED working paper

The current crisis has led to a 'houses versus apartments' debate in Karachi which is applicable to the whole country. It is understood that people invariably prefer houses to apartments and would like their settlements to be upgraded. This was acceptable to the State until the early 2000s. The government today, on the other hand, wishes to bulldoze these settlements and create medium-rise apartment blocks by providing land to developers. The reasoning provided for this by the government is that apartments can allow higher densities and they give the city a 'modern look'. Our research, however, shows that individual houses can provide higher densities than permitted (1625 persons per hectare) by the Karachi building bylaws and zoning regulations. Continued densification has increased densities in Karachi's inner city settlements from 450

²⁷ Urban Resource Centre, Karachi (2016) Responding to the Transport Crises in Karachi, IIED

persons per hectare in 1973 to over 3000 persons per hectare in 2010 and persons per room in the case of government provided labor housing in the form of apartments has increased from 5.8 in 1976 to 10 in 2010²⁸.

Box 8: Karachi Heat Wave and Climate Change

Over 1,200 deaths and 40,000 people suffering from heatstroke and heat exhaustion were officially reported in 2015, power outages also leading to water shortages especially during the fasting hours of the Holy Month of Ramadan making it much more difficult to bear the heat. Karachi in the past has experienced far higher temperatures than it did during the heat wave of 2015. However, deaths and people suffering from heatstroke were not reported.

The reason for the deaths and heatstroke is related to the creation of what is known as the urban heat island effect. Karachi, of the 60s, 70s, and 80s was by and large a low density and low rise city. Today, it is a high density high rise concrete jungle. To maximize on profits and space the new housing does not have cross ventilation, which is a requirement in a city that is humid and receives a sea breeze for 9 months of the year. The streets in the informal high rise settlements are narrow. There are thousands of kilometers of black tarmac roads and insufficient green cover. The external walls of the buildings and homes are not insulated and nor are the roofs. Air conditioning is common to most commercial buildings and elite and middle class homes. This is why most of the victims of the heat wave came from inner city low income areas.

To tackle the heat island effect it is essential to research and develop cheap materials that can be used for insulating the external walls and roofs, and introducing them to the contractors and builders in the low income settlements. This could easily be a programme for an NGO working in Karachi's *katchi abadis*.

Sources: Ebrahim, Zofeen (June 25, 2015). 'Karachi, an urban heat island'. Dawn, and lead author comments

The nature of development has also resulted in skewed residential land use in Karachi as in the rest of urban Pakistan. Informal settlements currently accommodate 62% (about 13 million) of Karachi's population on 23% of the city's residential lands with continuously increasing densities of 1,500 – 4,500 persons per ha. Whereas 36% (about 7.5 million) of Karachi's citizens live in planned settlements on 77% of the city's residential lands where continuously decreasing densities (with the creation of new planned settlements) can be as low as 80 persons per ha²⁹. It is acknowledged that this manner of development is not sustainable given rapid urbanization in Pakistan.

11. New Laws and Their Repercussions

A number of new laws have been formulated in Pakistan in support of the private developers, those that will have a long-term effect have been implemented in the Sindh province. A brief description of these laws and their repercussions is given below.

The Sindh High Density Board Act 2014 has created a board of 9 persons, all government officials and, politicians. This board can declare any road, plot, or area as high density and increase its floor to area ratio to 1:12. No urban design exercise has been done to determine which areas should be declared as high density. As a result, through official patronage, high rise buildings are developing all over Karachi. Most of them consist of between 15 to 40 floors. These are putting a heavy burden on the existing infrastructure and adding to the number of vehicles to already congested streets. They are also creating approximately 200,000 plus apartments. Apartment living is creating a new urban culture by increasing nuclear families and breaking communities and old neighborhoods. Social and hence planning repercussions need to be understood and catered to.

The Sindh Special Development Board Act 2014 provides for the government identifying *katchi abadis*, demolishing them, rehabilitating their residents in medium to high rise apartments, thus making more than half the land vacant. This land is to be handed over to the developers free of cost to develop whatever they wish. However, they have to bear the cost of rehabilitating the *katchi abadi* residents in apartments. They are also to provide schools, health centers, and run them for a period of 10 years. So far, no scheme has been implemented under this act because of the state's fear of retaliation from *katchi abadi* residents.

²⁸ Hasan, Arif. Asiya, Sadiq. Ahmed, Suneela (2010). 'Planning for high density in low-income settlements. Four case studies from Karachi'. Working Paper 3. IIED, UK.

²⁹ Worked out by the authors from the Karachi Strategic Development Plan 2020, prepared by the Master Plan Group of Offices, City Government Karachi (2007).

If these two acts are implemented, they will promote individualism and make community organization and action difficult. The three most internationally recognized housing-related projects that support poor communities are located in Pakistan (**see Box 9**). There has been constant pressure on the government to integrate the planning principles of these projects into official policy. The two acts are a negation of these principles.

Box 9: Three Community Projects

The best internationally known project in Pakistan is the Orangi Pilot Project (OPP) in Karachi. Through its various programs, over 3 million people have built and financed their own underground sanitation systems at the neighborhood level while the state has supported the building of trunks and disposal points. Over 16 thousand houses have benefitted from the house improvement program which supports contractors in improving their building materials and components; masons in upgrading their skills; and supports rural settlements in documentation so as to help them to convert into urban neighborhood.

The 'Khuda ki Basti' (God's settlement) are incremental housing schemes in Hyderabad and Karachi, where homeless people are given land against a small down payment and affordable monthly installments. They build their own neighborhood water and sanitation systems while the administration of the settlement inducts NGOs to develop social infrastructures such as schools and clinics, helps in arranging transport routes through negotiations with the transport department of the government and provides advice to the community on building water and sanitation systems.

The Urban Resource Center (URC) monitors government policies that affect the poor and the environment in Karachi. They provide this information to community leaders, media, and civil society. They invite government officials to make presentations of their plans to community leaders and the media. They also document the discussions that take place. Through this process the interests of low income communities are safeguarded especially in case of evictions.

All three projects have had a major impact on the thinking of government and international agencies, academia and the media. However, with the emergence of neoliberal thinking and policies, private sector developments are increasingly supported by the government and as such these innovative projects are given less importance than previously. What will be the future of these programs with an apartment culture dominating the city? Will it increase the rich-poor divide and limit these institutions to the urban fringe?

Under the Sindh Cultural Heritage (Preservation) Act 1994, there are two committees: a technical committee that identifies heritage buildings, lists, and details them and negotiates with the owners. It sends its proposals to an advisory committee of which the chief secretary of the province is the chairperson. The advisory committee directs the Sindh government to notify the buildings. Over 2000 buildings and sites have been identified in the province. However, there is a constant conflict between the committees and the developers who are often backed by the politicians. Much of the heritage properties are in the old cities and in the case of Karachi their residents are low-income communities who resist the conservation attempts. More recently, the government has taken an 80 million USD loan for neighborhood improvement projects for Karachi. As a result, a process of gentrification has begun in the city center which is resulting in the feared eviction of hundreds of businesses which can have an adverse effect on the housing situation if the owners of the evicted businesses are living in rented accommodation.

12. Rental Laws

Rental laws in Pakistan are very pro-tenant. As a result, formal developers and individuals are not willing to invest in rentals. However, an informal rental market in low-income settlements is growing rapidly due to difficulty in acquiring land and because of the increasing cost of construction as evident in the table for Karachi below.

Karachi: Increase in Housing Costs 1991- 2007³⁰

³⁰ Hasan, Arif (2008). 'Housing Security and Related Issues: The Case of Karachi.' UN HABITAT.

Cost per Square Meter		
	1991	2007
Land in new peri-urban <i>katchi abadis</i>	Rs 176 (US\$ 2.35) or 1.7 times daily wage for unskilled labor	Rs 2,500 (US\$ 33.33) or 10 times daily wage for unskilled labor
Construction cost of semi-permanent house in <i>katchi abadis</i>	Rs 660 (US\$ 8.8)	Rs 5,000 (US\$ 66.66)
Rentals		
Rent for a semi-permanent house in <i>katchi abadis</i>	Rs 350 (US\$ 4.66) or 2.5 times the daily wage for unskilled labor	Rs 2,500 (US\$ 33.33) or 10 times the daily wage for unskilled labor

In the low-income settlements, rental laws do not apply and much of the control is through muscle power of which the poorer of the poor are the main victims.

13. Evictions

Major infrastructure projects are being built in Pakistan and as a result, fairly large scale evictions have taken place. The land is acquired under the land acquisition act of 1884 which gives the government the right to acquire any land for public good. The legal land-owners are compensated under this law but not persons who have no legal ownership or renters. The largest eviction in Pakistan took place in Karachi whereby about 35,000 homes and businesses were demolished to make way for the Lyari Expressway. The evictees were rehabilitated far away from their original homes which were near their places of work. Studies have shown that they became much poorer as a result and the worst affected were women and children³¹. There was very strong resistance to these evictions which was supported by civil society organizations. As a result, it has become difficult for the provincial government to take a firm decision on evictions and in some cases, they have opted to pay the evictees the market price of the land they occupy. The same decision has been taken by the Punjab government in the construction of its Orange Line Metro, although earlier they had carried out evictions for the building of the Lahore Ring Road.

The rehabilitation of the Karachi Circular Railway involves the relocation of 5,000 households. The Karachi Circular Railway Affectees Welfare Association has suggested that instead of relocation they should be compensated in cash for the demolition of their homes. This would increase the project cost by 0.4% but it would not entail a whole new relocation project in an inappropriate site as usually happens in government projects³². There is also considerable opposition in society to the land acquisition act and it is possible that changes will be made to it if the opposition continues and increases.

14. The Institutional Framework

The 1978 Local Bodies Ordinance operated throughout the country till 1981. Under it, there were municipal councils who were subservient to the provincial bureaucracy. In the larger cities, there were development authorities which were also subservient to the provincial housing departments. However, in 2001 a major local bodies reform was enacted under which the magisterial powers of the bureaucracy were withdrawn. Power was passed on to elected local councils and their indirectly elected mayors at the district, tehsil (sub-district), and union council levels. This was carried out during a military-led government.

When the politicians came back to power in 2008, they scrapped the 2001 local bodies act and reverted back to the old system, centralizing power at the provincial level. This happened in all the provinces to a lesser or greater extent. In addition, all provincial governments are increasingly transferring the provision of utilities and services to private companies or to build, operate, and transfer systems and private-public partnerships. There is considerable agitation against this from workers' unions whose demands on this subject are not being met. Karachi's case is special for reasons described in the box below (**see Box 10**).

³¹ Ghaus, Khalida et al. (2012). Gender Dimension of Development Induced Displacement and Resettlement: A Case of Lyari Expressway in Karachi. SPDC, Karachi. And Urban Resource Center (2004). 'Livelihood Substitution: The Case of the Lyari Expressway'. Ushba Publishing International, Karachi.

³² Hasan, A. (2017, February 05). KCR concerns. Retrieved from <https://www.dawn.com/news/1312748/kcr-concerns>

Box 10: Karachi: Institutional Issues

Karachi is a non-Sindhi speaking capital of a Sindhi speaking province. The city contains 62% of Sindh's urban population and 30% of its total population. Karachi's large-scale industrial sector employs 71.6% of the total industrial labor force in Sindh. The city produces 74.8% of the province's total industrial output and contains 78% of its formal private sector jobs. In the 1998 census, 48.52% of Karachi's population spoke Urdu as the mother tongue and only 14% of residents spoke Sindhi and other local languages. In addition, Karachi is Pakistan's economic hub and contains the province's best education and health institutions. It is also the center of Pakistan's media industry.

Karachi's enormous wealth can only be controlled by the Sindhi speaking population through centralization and by the Urdu speaking inhabitants of the city by decentralization. Since the Sindhi speaking population controls the majority in the provincial assembly, they have embarked upon a process of large-scale centralization through the establishment of companies under provincial control. Electricity, solid waste management, infrastructure development, health, and education are now in the private sector or are provided increasingly through public-private partnerships controlled by the province whose bureaucrats, especially the new recruits, are increasingly Sindhi speaking.

Apart from the politics of ethnicity, Karachi has other problems. Since the Afghan war began in 1980, Karachi has been involved in it. American arms and ammunition to Afghanistan have flowed through Karachi. The Afghan transit trade has been managed through Karachi and during the second Afghan war North Atlantic Treaty Organization (NATO) troops were supplied from Karachi. Due to this, the Taliban and the Afghan militias developed proxies in the city which as a result the city was subjected to targeted killings of its progressive citizens and continuous bomb blasts until recently. Thus the Afghans have also become a part of Karachi's political mix and have major financial interests in the city.

Source: Karachi Strategic Development Plan 2020 and Government of Pakistan Census Reports.

15. Reforms

House Building Finance Company

For the HBFC to fulfill its mandate of providing homes to the poorer sections of the country it is necessary to increase its finances which can be done by the floating of bonds and slashing low-cost housing building costs by having HBFC schemes for the poor exempted from tariffs, regulatory duties, and surcharges for importing building materials that are used in its self-constructed housing units. In addition, free land grants would also help it meet its objectives more effectively. The payoff of these suggestions can escalate HBFC's target to 50,000 units per year by 2025. This would allow the HBFC to cater for at least 25% of the country's incremental demand for low-cost housing units, without any monetary handout from the Government of Pakistan³³.

Land

There has to be a method for containing speculation and making land available to the poorer sections of society. For this, it is important that all government land which is vacant within the urban areas should be reserved for low-cost income housing projects and laws should be enacted whereby the state as a priority can acquire such land. In addition, an urban land reform should be carried out. The components of the reform should include; a heavy non-utilization fee on vacant land and property, an urban land ceiling act under which no one individual can own more than 500 square meters of urban land, no settlement (whether for the poor or for the rich) should have a density of fewer than 420 persons per hectare, no person should be provided a second loan for the purchase of a home, and the existing laws such as the High Density Board Act (2014) should be made subservient to an urban design plan.

Institutional Arrangements

What we have learned in Pakistan is that public participation in the development of human settlements is essential as it ensures transparency and accountability. It is suggested that the institutions such as the Sindh Building Control Authority, the Malir Development Authority, the Lyari Development Authority (LDA), and the Karachi Water and Sewerage Board (KWSB) should have civil society members on their boards who should also be responsible for the financial health of the institution, all development plans should be displayed in public places where they are to be implemented, and citizens' views on them should be

³³ Note from Mian Asif Said, Board Member HBFC, to the Governor of the State Bank of Pakistan

solicited. Every project should be headed by an officer from its initiation till its end and the officer's name should appear on the letterhead and all advertisements related to the project.

16. Conclusions

The expansion of urban centers, in the absence of land use planning or its implementation, is swallowing up valuable agricultural land and damaging the ecology of the regions in which the cities are located, depleting water resources and polluting water bodies. It is also destroying geological formations, forests, and natural drainage systems. This is causing flooding and bringing about a rise in temperature, creating heat island effects in the urban areas especially in the high density high rise informal settlements. If unchecked these environmental hazards will increase. There is a need for new building design and technology which is affordable for low income groups (especially with relation to insulation of external walls and roofs of buildings, planting trees) to deal with the effects of climate change. Urbanization on the periphery is also destroying traditional cultural precincts, intangible cultures and archaeological sites. With the neoliberal regime and its emphasis on direct foreign investment, master and strategic planning has been replaced by unrelated projects for which funds are available in the international market and with international financial institutions.

If we accept that this will remain so for the future, then we need to develop a criterion for judging projects. The URC in Karachi has developed the following criteria; that projects shall not destroy the ecology of the region in which the city is located, that the project should serve the interests of the lower and lower-middle income groups who form the vast majority of the populations of urban centers as priority, that land use should be decided on the basis of social and environmental considerations and not on the basis of land value alone, and that projects should not damage the tangible and intangible culture of the communities that live in urban areas.

However, the most important issue is related to land, its use and conservation. The URC in Karachi is of the opinion that Pakistan requires a serious urban land reform whose major ingredients, as mentioned in section 15, would be; one, a heavy non-utilization fee on land and property. Two, an urban land ceiling act whereby no one person can own more than 500 square meters of urban land. Three, that no settlement should have a density of less than 400 persons per hectare. And four, no person who has taken a loan for house building once should be given another loan. In the presence of a powerful developers lobby and elite interests, it is difficult to implement such an urban land reform but given the changing political scenario in Pakistan and the activism of the higher courts such a conversation can take place.

The above recommendations will need time and effort. A more important reality is that for the foreseeable future housing will increasingly be provided by the formal and informal private sector. Formal because increasingly funds are being made available for it and informal, because there is a demand for it and there are huge profits that can be made from it with very little investment. To deal with this situation there is need for some sort of intervention to make the formal and informal housing product better designed and more affordable. It is also necessary to develop ways to open land for informal development through the provision of appropriately located road infrastructure and by enacting legislation through which the state can acquire vacant land for low income housing.

Academic institutions give a great deal of emphasis on community housing projects. This is important. However, it is also important that they understand the present formal and informal capitalist mode of housing production, its potential and its constraints so that they can make relevant interventions in the process and come to conclusions, especially on density, space per person, energy and their relationship with architecture and planning, for different Pakistan contexts.

More recently the courts have taken cognizance of the lack of housing opportunities for low income groups, demolition of informal settlements and corruption in the real estate sector. They have also taken notice of problems in water supply and sanitation services and established a special tribunal to review them. This has generated hope but there is also considerable cynicism regarding the ability of courts to bring about meaningful change.

There are many peasant and indigenous peoples' movements against urbanization of agricultural land, water resources, cultural sites and orchards. These are environmental issues and need the support of academic institutions and civil society. If these movements are strengthened then the political establishment and the courts of law, especially the environmental tribunals, will take note of it. Many related issues are already before the Supreme Court.

List of Abbreviations

ISD Informal Subdivision of Land
ISAL Informal Subdivision of Agricultural Land
BOR Board of Revenue
KMC Karachi Metropolitan Corporation
FDA Faisalabad Development Authority
WAPDA Water and Power Development Authority
MNA Member of National Assembly
MPA Member of Provincial Assembly
KAIRP Katchi Abadi Regularization and Improvement Programme
KPK Khyber-Pakhtunkhwa
PPP Pakistan Peoples' Party
SKAA Sindh Katch Abadi Authority
DHA Defence Housing Authority
HBFC House Building Finance Company
NAB National Accountability Bureau

PDOCHS Pakistan Defence Officers' Cooperative Housing Society
BTK Bahria Town Karachi
MDA Malir Development Authority
PHFP Pakistan Housing Finance Project
PMRC Pakistan Mortgage Refinancing Company
PC Planning Commission
NGO Non-Governmental Organization
SBCA Sindh Building Control Authority
OPP Orangi Pilot Project
URC Urban Resource Center
USD United States Dollars
NATO North Atlantic Treaty Organization
LDA Lyari Development Authority
KWSB Karachi Water and Sewerage Board
SC Supreme Court
PDA Peshawar Development Authority

In a country with governance systems inadequate to cope with rapid urbanization, to address stark social and economic inequality, and to respond to impacts of natural and manmade disasters, meeting the eleventh Sustainable Development Goal (SDG) of building sustainable cities and communities is a tall order for the Philippines. The presence and persistence of informal settlements, many in slum conditions, makes urban planning and policy implementation a serious problem. Yet there are opportunities for collaboration among government, private sector, and civil society, and these must be supported and expanded to make housing affordable and accessible especially for the poor.

I. Country Situation

Urbanization trends. With a population of 100.98 million as of 2015, the Philippines is the second most populous country in Southeast Asia, next to Indonesia. Following the revised definition by the National Statistical Coordination Board (now the Philippine Statistics Authority or PSA) in 2003 of an “urban area”, the level of urbanization in the country stood at 45.3% in 2010 or 41.9 million of the 92.3 million Filipinos (PSA 2013). The PSA is yet to release similar data based on the last census conducted in 2015, but the United Nations (2015, 209) has projected that in two decades, half of the country’s population will be in urban areas, and that by 2050, the Philippines will be 56.3% urban. Natural increase, migration, and the redrawing of urban-rural boundaries drive this rapid growth of urban population, but the migration of families displaced by conflict or escaping rural poverty, often exacerbated by failure to recover from the impacts of natural calamities, has been a particularly significant contributor.

As of June 2017, there are 145 cities in the Philippines, 33 of which are “highly urbanized cities”, i.e., with a minimum population of 200,000. Sixteen of these “high urbanized cities” are in the National Capital Region (NCR) or Metro Manila. In 2015, NCR had a population of 12.9 million or 13% of the national population. When people from the surrounding areas go to Metro Manila for work (or find work), education, or business, the region’s daytime population can reach 15 million (Punongbayan and Mandrilla 2015). Quezon City is the biggest city in the capital region in terms of population (2.94 million), equivalent to 23% of the population of NCR. Highest population growth is occurring outside Metro Manila and in secondary cities that are ill-prepared to manage urban growth. This urban sprawl is evident in the growth of built-up areas in the provinces surrounding the NCR (Bulacan, Rizal, Cavite, Laguna, Pampanga, and Batangas) which represent 94% of new urban expansion that occurred between 2000 and 2010 (World Bank 2015, 111).

With 71,263 persons per square kilometer in 2015, the City of Manila was the most densely populated city in the Philippines (PSA 2016) and one of the most crowded in the world (Murphy 2017). Density, however, is not necessarily a bad thing. A highly populated city, as against sprawl, can promote greater energy and resource efficiency, cheaper public transport, and opportunities for mixed-tenure housing (Boyko 2014). It becomes a problem, however, if the city is unprepared to match the growing population with key infrastructure investments such as transport linkages and basic services (World Bank 2017, 15), and this is the unfortunate situation in many Philippine cities at present.

Urban economy and poverty. Urban economies in agglomerations such as Metro Manila drive the rapid urbanization in the Philippines. These urban agglomerations contribute 80% of the country’s gross domestic product (GDP) (ICF International 2014, 1). In 2016, NCR accounted for 36.6% of the GDP (36.6%), followed by the urbanizing regions adjacent to it: CALABARZON (Cavite, Laguna, Batangas, Rizal, and Quezon) with 16.8% and Central Luzon with 9.5% (PSA 2017).

With jobs relatively easier to access in urban areas, overall poverty in cities and urban municipalities (13.2%) is lower than in rural areas (39.4%) (World Bank 2017, 3). Among the administrative regions of the country, however, NCR had the highest unemployment rate at 7.8% (PSA 2018). Cities, where the services sector thrives and attracts people from rural areas to migrate, face enormous pressure to absorb those who cannot find gainful employment and livelihood in the largely underdeveloped agricultural sector and unsupported manufacturing and industry sectors. Because of job mismatch, the unskilled and low-skilled workforce in cities engage in the informal labor market or contractual labor that does not grant them job security. The most vulnerable and extremely poor families suffer hunger and their children are forced to take even the most dangerous and exploitative work. For these families, the government provide financial assistance through its Conditional Cash Transfer Program.

Cities and disasters. Located in the so-called typhoon belt of the Pacific and along the “Ring of Fire,” the Philippines is particularly vulnerable to natural hazards. Because of their large populations, cities are most at risk for disasters. Poor urban planning and management and non-enforcement of environmental policies worsen the situation, which was illustrated by the massive flooding in Metro Manila due to Tropical Storm Ondoy (international name: Ketsana) in September 2009 and the almost total wipe-out of Tacloban City in Eastern Philippines by Typhoon Haiyan in November 2013. Seven of the 25 coastal cities around the world that are exposed to a one-meter sea level rise are in the Philippines: Butuan, Davao, Iloilo, Caloocan, Malabon, Manila, and Taguig (ADB 2017, De Vera 2017). Their fragile coastal ecosystems are home to more than 20 million people and serve as basis for their livelihoods (Porio, 2018, 2). The active Valley Fault System that could generate earthquakes with destructive magnitudes as strong as 7.2 traverses six cities in Metro Manila and surrounding highly urbanized areas in Bulacan, Rizal, Laguna, and Cavite (Mangosing 2015). Traffic congestion (because of poor public transport system), pollution (due to heavy dependence on fuel-inefficient public transportation), proliferation of crime (because of ineffective criminal justice system) and serious garbage problems also pose danger to the well-being of urban residents, particularly the poor who inhabit hazardous areas not reached by government services. In addition, flooding disasters like Ketsana resulted in huge damages and losses to housing and livelihood of urban poor households (Porio 2014, 8). Impacts of climate disasters like Ketsana and Haiyan, then, exacerbate the effects of above man-made disasters. (Porio 2011,1-2; Porio 2017, 2).

Housing need and informal settlers. The lack of affordable housing, especially for the low-income sector, has resulted in the growth of heavily populated informal settlements. Informal settlers are generally those who occupy lands without the consent of the property owner (Reyes et al 2012, 15). In recent years, however, the term has been applied to those in danger areas (for example, along riverbanks, railways, under the bridge) and areas earmarked for government infrastructure projects or for other uses excluding human habitation (for example, protected areas, except for indigenous peoples).

It is important to recognize that not all informal settlers are income-poor. Those who are earning relatively higher income than the rest in their community live in informal settlements because affordable formal housing that are near their places of work are few (Ballesteros 2010, 8). Many thus opt to endure poor living conditions—overcrowded neighborhoods, substandard housing, inadequate access to safe water and basic sanitation, and high exposure to natural and human induced hazards—because the cost of land and housing in cities is beyond their means (Porio 2014, 1-2).

Using data from the government-administered Family Income and Expenditure Survey (FIES), the World Bank (2017, 59) estimates that 5.4% of the total urban population in 2012—or 2.2 million Filipinos—lived in informal settlements. More than half (1.3 million people) were in Metro Manila alone (World Bank 2017, 59). Government estimates (in terms of families) are way above these figures. The National Economic and Development Authority (2016, 12-4) puts the number of informal settler families, both in urban and rural areas, at 1.5 million, 39% of which (or 584,425 families) are in Metro Manila, with significant proportion in surrounding urbanizing regions, namely the CALABARZON with 15%, Bicol with 9%, and Central Luzon with 8%. Regardless of the differences in government and World Bank estimates, the fact remains that millions of Filipino families can one day lose their homes when the legal owners or government decide to evict them from the land. Indeed, threat of eviction has been the most urgent concern among informal settlers in Metro Manila (World Bank 2016a).

The Philippines has an enormous housing need of two million as of 2016, and this is estimated to increase threefold by 2022 (Table 1). Of the housing need between 2017 and 2022, 1.4 million or 21% comprise those households in “unacceptable housing” (885,017) and doubled-up households in acceptable housing units (549,486). The number of additional housing needed by 2022, both because of new households and because of the need to replace deteriorated units, is at 5.3 million. Many of these new households are likely to belong to the lowest income groups that need subsidy to afford the cost of housing.

TABLE 1
ESTIMATED HOUSING NEED IN THE PHILIPPINES FROM 2017 TO 2022

COMPONENT	INITIAL BACKLOG (AS OF DECEMBER 2016)	TOTAL HOUSING NEED (2017-2022)
A. Accumulated Need	1,293,207	1,434,503
1. Households in Unacceptable Housing	799,780	885,017
a. Rent-free without the consent of owner	535,418	592,803

COMPONENT	INITIAL BACKLOG (AS OF DECEMBER 2016)	TOTAL HOUSING NEED (2017-2022)
b. Homeless	5,390	5,975
c. Dilapidated or condemned	91,758	101,129
d. Marginal housing	167,214	185,110
2. Doubled-up Households in Acceptable Housing Unit	493,427	549,486
B. Future/Recurrent Need	724,702	5,362,407
1. Allowance for inventory losses	361,129	2,660,921
2. Increase in households (likely to afford to own acceptable housing unit)	363,573	2,701,486
Total Housing Need	2,017,909	6,796,910

Source: Housing and Urban Development Coordinating Council

Government addresses the housing need of informal settlers using three approaches:

- **Off-city resettlement.** This approach is employed in housing projects intended for low-income families in “danger areas” and sites of government infrastructure projects. The NHA is the shelter agency in charge of developing resettlement sites. Most of these large-scale housing projects (usually rowhouses) are in areas outside the city and far from work and livelihood opportunities, educational institutions, and public hospitals. A beneficiary is entitled to a 40-square meter lot with a housing unit with a minimum floor area of 22 square meter. The total resettlement package (inclusive of land and housing unit) can cost as much as ₱243,000 (approx. US\$4,820), of which around 43% is subsidized by government (Ballesteros 2017, 267).¹ The household makes graduated payments for a house and lot, starting at a subsidized amount of ₱200 (approx. US\$4) per month in the first four years, increasing incrementally to up to ₱1,330 (approx. US\$26) per month. Awardees have up to 30 years to pay for their house and lot.
- **On-site upgrading and housing** can be implemented through the Community Mortgage Program (CMP) and a Presidential Proclamation. The CMP is administered by the Social Housing Finance Corporation (SHFC), a housing finance institution, and lends to legally organized communities up to ₱100,000 (approx. US\$20,000) per household to purchase the land they have been occupying from a willing owner. The community association can also borrow up to ₱30,000 for site development and ₱120,000 for house construction per household. The group loan is paid monthly for up to 25 years and carries a subsidized interest rate of 6% per annum. The CMP has been recognized for its being demand-driven, that is, the initiative and decision to access funds for housing come from the community, with the assistance of an NGO or the local government unit which serves as “community mobilizer”. The program, however, has been criticized for not reaching the “poorest of the poor” as community organizations prefer members with capacity to pay.

Presidential proclamations grant informal settlers a chance to acquire government-owned lands that have not been used for the purpose for which they were acquired or allocated. Families in proclaimed sites do not enjoy full security of tenure until they receive their Certificate of Entitlement for Lot Award (CELA). Unfortunately, the regularization of land tenure for families in “proclaimed lands” is hampered by issues such as the suitability of the site for residential use (for instance, if the area is an improperly reclaimed land) and the determination of qualified beneficiaries (Karaos et al 2012, 29).

- **Off-site, in-city housing.** The CMP also offers loans for community associations to buy a piece of land in an entirely new site where the members intend to relocate, but off-site CMP projects are very few. NHA has been constructing low-rise housing for informal settlers but many of these are in bad shape after a few years. SHFC implements the High-Density Housing Program (HDHP) which lends to community associations for acquiring land and constructing multistory housing. Some local governments implement housing projects usually in partnership with non-government organizations such as Gawad Kalinga and Habitat for Humanity. Some local governments such as Quezon City and Valenzuela City in Metro Manila have their own social housing projects that address the needs of urban poor displaced by flooding and eviction (Porio 2018, 3).

¹ Using average Philippine peso per US dollar rate for 2017, ₱50.4037 = US\$1. See http://www.bsp.gov.ph/statistics/spei_new/tab12_pus.htm.

During the administration of President Rodrigo Duterte (2017-2022), the national key shelter agencies, particularly the NHA and SHFC, target to produce 1.56 million housing units mostly for informal settler and low-income families, still inadequate given the expected growth in the number of new families needing shelter over the years.

TABLE 2
DIRECT HOUSING TARGETS, 2017-2022

PROGRAM	TOTAL
NHA Housing Production	836,730
1. Resettlement for informal settler families	300,100
2. Housing for soldiers and police personnel	42,800
3. Settlements upgrading	39,900
4. Housing for employees	24,100
5. Mixed-used development	15,800
6. Housing assistance for calamity victims	414,030
a. Permanent housing	233,530
b. Housing materials assistance (HOMA)	180,500
Community-driven Housing Program	385,524
1. Community Mortgage Program (CMP)	250,591
2. High Density Housing Program (HDHP)	134,934
Retail and development financing	516,957
1. End-user financing through the Home Development Mutual Fund (PAG-IBIG)	516,957
a. Socialized housing	147,980
b. Low-cost housing	361,398
c. Medium cost housing	5,391
d. Open market	2,188
Total	1,558,711

Source: Housing and Urban Development Coordinating Council

Given the limited resources and institutional absorptive capacities of shelter agencies, government housing programs establish priorities in terms of their target beneficiaries. In the process, however, some households, who could be as poor as those prioritized, are excluded (see Table 3).

TABLE 3
TARGET AND PRIORITY BENEFICIARIES AND LIMITATIONS OF GOVERNMENT HOUSING PROGRAMS

HOUSING PROGRAM	SCOPE OF TARGET BENEFICIARIES	PRIORITIZED BENEFICIARIES	LIMITATIONS/ EXCLUSIONS IN PRACTICE
Resettlement Program	Informal settler families displaced by: <ul style="list-style-type: none"> Government infrastructure projects Clearance of easements, danger zones Court-ordered evictions Calamity victims 	Informal settler families displaced by: <ul style="list-style-type: none"> Large and priority infrastructure projects Danger zones prioritized for clearing Calamity victims 	Informal settler families displaced by: <ul style="list-style-type: none"> Non-priority infrastructure projects Non-priority danger zones Court-ordered evictions

HOUSING PROGRAM	SCOPE OF TARGET BENEFICIARIES	PRIORITIZED BENEFICIARIES	LIMITATIONS/ EXCLUSIONS IN PRACTICE
Community Mortgage Program (CMP)	Informal settler families occupying privately-owned lands	Informal settler families occupying private lands whose owners are willing to sell their land at an affordable price (on-site) or from those in danger areas prioritized by government for relocation (off-site)	Informal settler families who want to acquire land off-site either because the owner does not want to sell the occupied property, or the selling price is too high (off-site)
Presidential Land Proclamations	Informal settler families occupying government-owned lands	Informal settler families occupying the site.	Informal settler families on non-proclaimed government-owned properties, and portions of already proclaimed sites where there are other competing uses being considered by the government
HDMF/PAG-IBIG Housing Loans	PAG-IBIG members, i.e., employees of government and the private sector, regular income earners, including minimum-wage earners	Applicants who meet the eligibility criteria and have the capacity to pay	Risk of leakage, i.e., better-off families can access PAG-IBIG loans at the subsidized interest of 6% annually if the loan value falls within the socialized housing category (i.e., ₱450,000 and below)

Source: Karaos and Nicolas 2010, 22

Housing rights and eviction. No law mandates the granting of ownership or use rights or the distribution of lands to urban informal settlers similar to that provided to farmers and indigenous peoples. The main programs mentioned above—specifically NHA’s resettlement, SHFC’s CMP, and the issuance of land proclamations—predate the Urban Development and Housing Act of 1992, which “stops short of making security of tenure an entitlement or a demandable right of the legally qualified beneficiaries of the law” (Karaos et al 2008, 47). Yet UDHA was the first legislation in the Philippines to formally confer housing rights. It established as state policy the provision of “decent housing at affordable cost” to “underprivileged and homeless citizens”. It also states that evictions will be allowed only in three circumstances: (1) when land needs to be cleared for an infrastructure project; (2) when the informal dwellings are standing on hazardous or “danger” areas; and (3) when there is a court order requiring the demolition of structures on private lands. The lack of a central agency, however, makes it difficult to monitor compliance with these guidelines. Bringing violations of housing rights to court has also been an underutilized recourse by aggrieved urban poor to seek legal protection, owing to the high cost of litigation such as filing fees and getting lawyers’ services (ADB 2010, 27-28)

II. Governance Systems and Relationships Between National Government Agencies, Cities, and People

The Philippines does not have an agency dedicated to dealing with broader urbanization issues and setting the policy direction for long-term urban development. The Housing and Urban Development Coordinating Council (HUDCC), which heads the country’s housing bureaucracy, generally functions as a policy-making and coordinating government office on shelter. The national government regulates housing and land development through the Housing and Land Use Regulatory Board (HLURB), which enforces subdivision and land use standards. The proposed Department of Human Settlements and Urban Development, which as of this writing is yet to be enacted, stops short at reorganizing HUDCC and HLURB, without instituting meaningful organizational and policy reforms in housing delivery and urban development.

In addressing the housing need, government took upon itself the role of assisting low- and middle-income families access affordable housing. As stated in the 1987 Constitution: “The State shall, by law, and for the common good, undertake, in cooperation with the private sector, a continuing program of urban land reform and housing which will make available at affordable cost, decent housing and basic services to

underprivileged and homeless citizens in urban centers and resettlement areas.” The Constitution does not mention providing housing for free.

Under the UDHA, housing provision is a task given to the **local government**. Aside from protecting informal settlers against inhumane eviction, the law specifically mandates local governments to undertake shelter planning, designate social housing sites, and formulate and implement social housing programs for the “poor and underprivileged.” Under the law, local governments are expected to develop their local shelter plans and programs, which the local councils approve and appropriate a budget for. Some local government units have Urban Poor Affairs Offices (UPAOs), directly under the Office of the Mayor, to serve as the main policy implementers, and sometimes community mobilizers of CMP projects.

The national government, for its part, provides support to local governments for site development, housing construction, and financing through national shelter agencies. The NHA liaises with local government units to implement resettlement programs that provide housing to the lowest 30% of urban income earners. The SHFC offers financing through the CMP and HDHP. The legislative branch of government exercises oversight functions such as when it reviews the implementation of laws and recommends new legislation or amendments to existing housing policies. The most recent and major undertaking by the legislature in this regard was the five-month long National Summit on Housing and Urban Development in 2015 which gathered government agencies, private developers, academe, and civil society organizations to generate consensus on some policy agenda to close the gap in affordable housing in the country.² Public hearings in aid of legislation are also conducted; in one recent hearing about the poor situation of families in distant housing sites, Congress urged the Department of Budget and Management (DBM) to allocate funds for the completion of basic services and community facilities in 18 large resettlement projects.

To provide space for civil society participation in housing programs, a presidential executive order was issued in 2008, instructing cities and urban municipalities to establish local housing boards (LHBs). Composed of local government officials and civil society organizations, the LHB reviews eviction and demolition orders to check for compliance with the UDHA; it was not until recently that the Presidential Commission on the Urban Poor (PCUP) was given the mandate to conduct pre-demolition conferences to address complaints and concerns before any demolition is carried out.

In practice, however, housing delivery for the poor remains centralized. Local governments are largely sidelined in the provision of housing to informal settler families displaced by nationally-funded infrastructure projects or by disaster risk reduction efforts of the national government. In these cases, the local government, through the LHB or similar body, merely issues a certificate of compliance, a required document before carrying out the eviction of families and the demolition of their dwelling structures.

Moreover, housing and tenure rarely emerge as a priority in the development agenda and plans of local governments. Few local governments implement housing programs using their own resources and approaches. Under the ₱50 Billion Informal Settler Housing Program of the Aquino administration, a couple of local governments in Metro Manila sought to provide secure tenure to informal settlers along the priority waterways for clearing. Quezon City's *Bistekville* and Valenzuela City's *Disiplina Villages* were built with the local government at the helm and with resources from various sources such as internal revenue, loans from financial institutions, and donations from private corporations. Many local governments also act as loan originators assisting organized urban poor communities to access CMP loan from SHFC. The availability of land has been cited as a major constraint on the part of local governments. In highly urbanized and rapidly urbanizing cities, the land market is virtually controlled by the private sector (developers of residential subdivisions, condominium projects and shopping malls). In other urban areas, especially in the provinces, many vacant lands cannot be used for socialized housing as these are in disaster-prone areas.

III. Financial Systems for Housing Development

It is practically impossible for the urban poor to legally own land and acquire a house given the high cost of housing, driven mainly by land value speculations due to increased demand for land in urban and peri-urban areas. Despite this, most Filipinos prefer homeownership, which is largely self-financed (i.e., using family savings and through incremental construction) or directly-financed (i.e., using funds mobilized from family, peers, and other informal sources) (World Bank 2016b, 108). This preference also partly explains the state subsidy given to housing programs which grant beneficiaries full house and land tenure upon completion of payment within a certain period. It was only recently that alternative tenure arrangements such as usufruct

² For the full documentation of the summit, see World Bank 2016b. The report is available online, <http://documents.worldbank.org/curated/en/547171468059364837/pdf/AUS13470-REVISED-PUBLIC-WBNationalHousingSummitFinalReport.pdf>.

and collective land ownership (as in the case of cooperative housing) were adopted but examples of these are few. Public rental housing remains an unpopular option for prospective beneficiaries, although a significant proportion of families in informal settlements live in unregulated rental housing and pay exorbitant monthly rates.

Housing projects in the Philippines are categorized based on the price ceiling (see Table 4). Socialized housing refers to housing units that cost not more than ₱450,000 (approx. US\$8,900) and projects under this category are mainly intended for low-income households. Housing by the NHA in its resettlement projects and SHFC's CMP fall under this category. However, because of the shortage in the supply of housing for middle and low-middle income households in the formal housing market, these households also become beneficiaries of socialized housing, as government shelter programs for the poor do not strictly distinguish families in terms of household income. This presents a risk of subsidy leakages. This is particularly true of housing units in off-city resettlement projects.

Because the housing programs are designed to recover cost (even the highly subsidized resettlement program of the NHA) implementers give emphasis to dutiful payment of amortization. Without regular incomes, many poor families in government housing projects often fail to pay on time, and this incurs penalty (Pasion 2017). Families unable to pay their amortization and accumulating penalties are at risk of losing their security of tenure. Even the CMP has been criticized for not being inclusive because of the emphasis on the families' capacity to pay.

TABLE 4: MAXIMUM SELLING PRICE FOR SUBDIVISION AND CONDOMINIUM PROJECTS

CLASSIFICATION	PRICE CEILING
Socialized Housing <ul style="list-style-type: none"> ▪ Horizontal Development ▪ Vertical Development 	₱450,000 and below ₱400,000 and below
Economic Housing	Above ₱450,000 to ₱1.7 million
Medium Cost Housing	Above ₱1.7 million to ₱4 million
Open Market	Above ₱4 million

Source: Housing and Land Use Regulatory Board Memorandum Circular No. 13 series of 2017

Financing for government housing programs catering to low-income groups is enshrined in the Comprehensive and Integrated Shelter Financing Act (CISFA). Passed in 1994, the law mandated an increasing and regular public expenditure on housing. Aside from funds received through CISFA, the NHA and SHFC, as government owned- and controlled-corporations, are expected to generate revenues from collections. The formally employed can borrow loans for buying a house or for purchasing a house and lot from the Home Development Mutual Fund (HDMF), also known as PAG-IBIG Fund. The efficiency of HDMF in providing housing finance assistance through subsidized interest rates to government and private sector workers has facilitated the production and sale of housing units by private developers, who can also assist PAG-IBIG members to apply for a housing loan. There are also programs that provide institutional financing. The Abot Kaya Pabahay Development Loan Program of the SHFC assist social housing developers whom local government units partner with to provide housing for priority beneficiaries.

Despite the growing number of informal settlers and of new families in need of housing, government housing programs receive less than 1% of the national budget. From 2014 to 2016, the share of housing in the annual national budget ranged from 0.05% to 0.11% (NEDA 2016, 12-2). In the first year of the Duterte administration, the shelter agencies mandated to implement housing programs for poor informal settlers—the NHA and SHFC—received ₱12.965 billion or 0.39% of the ₱3.35 trillion national budget (General Appropriations Act 2017).

IV. Some good examples, practices, innovations, programs, cases and community initiatives that show some light and a realistic and possible direction

Civil society organizations influence housing-related policies. Movements such as the Urban Poor Alliance (UP-ALL), a loose movement of NGOs and POs pushing for housing reforms such as institutionalizing in-city and people-led housing; *Kilos Maralita* (KM), whose agenda focuses on social protection of the poor; and the ideologico-political group *Kadamay*, are among the known coalitions of urban poor groups. There are also movements that focus on demonstrating models for addressing the housing needs of the poor; these include Gawad Kalinga and the Habitat for Humanity, both of which promote the sweat equity arrangement

in housing projects and generate resources from private sector. The Homeless People's Federation of the Philippines, Incorporated (HPFP) promotes savings mobilization to enable organize communities to leverage resources from government and other institutions for community development projects.

People's plan approach. Under the administration of President Benigno S. Aquino III (2010-2016), the term "people's plan" became a buzzword among NGOs and people's organizations to describe community-initiated housing processes in the context of the Supreme Court's order to local government units and to national government agencies to clean up the Manila Bay and its tributaries. With many government officials sympathetic to the urban poor and international development organizations supportive of people-led processes, these NGOs and people's organizations pushed for in-city relocation of informal settler families. Below are two examples:

- **Ernestville, Quezon City.** Ernestville is a housing project initiated by families affected by Tropical Storm Ondoy (international name: Ketsana) in 2009. Completed in 2017, it houses 212 families, 162 of whom almost lost their homes during the onslaught of the storm that brought the worst floods in Metro Manila in nearly 40 years. These families live in Barangáy Gulod in Quezon City which was among the many areas hardest hit by ravaging floodwaters from a swollen Tullahan River. To pay for the land, the association accessed a loan from SHFC through the CMP. Funds for the construction of the houses were accessed also from SHFC's HDHP. The Quezon City government provided ₱7.7 million to cover the installation of a drainage system, concreting of pavements, and construction of the retaining wall. The project's "people's plan" was developed with the assistance of an NGO called the Foundation for the Development of the Urban Poor (FDUP).
- **Pope Francis Village, Tacloban City.** This ongoing in-city housing project for at least 600 Yolanda-affected families adopts the "people's plan" approach which emphasizes meaningful participation of families in almost all the steps of project implementation—from conceptualization, design, and planning to actual construction and post-occupation management of the community. The implementer, a consortium of NGOs and Church organizations called FRANCESCO, leveraged resources from various sources such as international NGOs (for land acquisition, temporary shelters, livelihood) and government (development permits). The project also integrated livelihood programs to augment the incomes of families (Karaos et al 2017, 131-148).

Citywide development approach. City-wide shelter planning and slum upgrading initiatives have been piloted in cities with the support of international development organizations such as the World Bank. In Muntinlupa City, HPFPI and the Muntinlupa Development Foundation (MDF) led the piloting of the "Citywide Development Approach to Informal Settlement Upgrading Strategy" initiated by the SHFC and the World Bank. The strategy focuses on the demand-side of slum upgrading and thus emphasizes the participation of local civil society organizations, mainly the people's organizations, particularly in the mapping and profiling of informal settlements. Orchestrated by the LGU and driven by local stakeholders like NGOs and POs, the strategy sought to integrate the upgrading of informal settlements in the comprehensive land use and shelter plans of the city. The project in the city has resulted in the funding of CMP projects in one barangay with the highest number of informal settlers.

Building back better. This principle describes the ideal approach in responding to the housing needs of families who lost their homes in natural disasters. It emphasizes the employment of minimum standards not only in terms of making the dwelling structures resilient but also of helping families recover the quickest way possible by ensuring their access to livelihood and basic services. Below are two examples:

- **Xavier EcoVille, Cagayan de Oro.** An example of multi-stakeholder collaboration for post-disaster rehabilitation in an urban setting, Xavier Ecoville is a "special resettlement project" of the Xavier University-Ateneo de Cagayan for more than 500 families affected by Tropical Storm Sendong (international name: Washi) in 2011. The university helped organize the residents to form two organizations: the homeowners' association, that would work with the barangay government and deal with general problems in the community; and the multipurpose cooperative that would implement livelihood projects. The project received assistance from the Department of Public Works and Highways for site development. It also mobilized students and faculty members of different departments and students of the university for various project components such as health and livelihood (Xavier Ecoville Project 2016).
- **Post-Yolanda Support for Safer Homes and Settlements.** This UN-Habitat-supported project built a total of 660 permanent housing units in three locations in the provinces of Capiz and Iloilo in Western Visayas. The process of housing provision is led and managed by the community, organized as a community association, with support organizations providing technical, financial and organizational assistance. With the help of the United Architects of the Philippines and the Philippine Institute of Civil

Engineers, the houses followed the new standard set by the national government for resilient housing which is capable of withstanding winds of 250 kilometers-per-hour. The beneficiaries of the projects are members of community organizations that have either availed or in the process of availing of a CMP loan. The Department of Social Welfare and Development (DSWD) provided additional resources to the project amounting to ₱42.7 million under its Core Shelter Assistance Program. UN-Habitat adopted the process by facilitating self-recovery of shelter and community facilities by the people themselves through the strengthening of the community's technical and institutional capacities (Karaos et al 2017, 55-73).

V. The way forward

Sustainable Development Goal 11 calls on nations to make cities “inclusive, safe, resilient, and sustainable.” With the huge informal settler population, a large number of households needing decent housing, and rapid urbanization, this goal cannot be achieved in the Philippines without a clear urban development blueprint and the cooperation of many stakeholders, including the private sector, the academe, and most importantly, the people themselves.

- There must be a functional land management system to facilitate the identification of safe areas for building new human settlements, preferably within reasonable distance from people's places of work and sources of income, and the determination of economically viable infrastructure interventions to help make existing large informal settlements less prone to disasters such as flooding and earthquakes. Effective land use planning by local governments with meaningful participation of people is needed.
- To increase the housing stock for the poor, i.e., socialized housing, the private sector should be given incentives to do so. This, however, will require significant level of subsidy from government, which, some local experts suggest, should be in the form of capital subsidy instead of interest subsidy. It has been noted that government's fixed interest rate imposed on cost-recoverable housing projects—at 6%—is politically set and therefore discourages participation by other providers, specifically the private sector, in the socialized housing market. To avoid the problem of leakage, the beneficiaries should be carefully selected and targeted and allowed meaningful participation in housing development.
- Scale up innovative and people-led housing projects by providing resources for community organizing and building the capacity of communities (technical training, legal services, disaster preparedness, etc.) to undertake a housing project. In this regard, the private sector can also be engaged.

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UCLG-GOLD / ACHR HOUSING STUDY

Country paper No. 11: SRI LANKA

by Ranjith Samarasinghe, Sevanatha NGO, Colombo

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Evolution of housing policies - Historical Background

Pre-Independence (1931 -1948)

- Official concern on “**housing**” began in a limited way during World War II.
- Inflation of prices of items with limited supply and resultantly, housing construction, particularly in urban areas, was affected.
- The **Rent Restriction Act of 1942** was introduced to prevent tenants from landlords in this hostile environment.
- Under this Act Urban Local Authorities (ULAs) were to provide the basis for computing a reasonable rent.

Post- Independence 1948-1977

- In 1948 a Loan Fund for housing, managed by a “Board”, was established.
- The fundamental purpose of the fund was to issue loans to Co-operative Societies, Companies, Building Societies and in some circumstances for individuals to construct houses.
- Moreover, the Government gave “grants” to ULAs to build housing for low and middle income groups in urban areas.
- Since Independence, Sri Lanka followed a “*Government Sponsored Housing Development Approach*”.
- Local Authorities (mainly MCs & UCs), constructed “houses” for their employees.
- Government Departments constructed “Quarters” in Colombo and in the Districts for the Public Sector Employees.
- The Department of National Housing (DNH) was created in 1953.
- In the same year Rent Restriction Act was amended.
- A Year later in 1954, the National Housing Fund (NHF) was established superseding the Housing Loan Board which had experienced difficulties in coping with the needs of the middle and lower income groups.
- It was the “Housing Bank” during that time.
- The Fund was administered by the Commissioner of National Housing.

Prior to 1970, there was no significant State involvement in Human Settlements

- No major Government involvement in the provision and O&M of services in urban low-income settlements.
- They were considered to be privately owned houses or illegal squatter settlements.
- Most of the communities did not have even minimum level of services in their settlements.
- Had to depend on communal services, located either within or outside the settlements.

Hundred Thousands Houses Program (1979 – 1983) This was a state-initiated, centrally-managed and delivery-driven approach.

- The NHDA was established in 1979 in place of DNH with wider powers.
- The Govt assumed the sole responsibility of building and delivering the finished products (houses) by them to people.
- “**Welfareism**” was the **self assumed mandatory role** of the Govt.
- **85%** was targeted to **low-income communities**.

The Million Houses Program (MHP) (1984 – 1989). This important slum upgrading program represented the dawn of a new participatory approach to housing development in Sri Lanka, and it was a reversal of the traditional delivery- driven approach:

- The National Housing Development Authority (NHDA) recognized the need for a new approach to give the community a greater control over their “Home Building” process and on the Installation of infrastructure services in their localities.
- NHDA engaged in Community Mobilization, provision of infrastructure, secure land tenure and issuing of housing loans to the urban low-income settlements under the Urban Housing Sub Program.

- The approach has developed a sense of confidence in the minds of the poor to work with officials and to engage themselves in “Community Contracting Practices”.
- Individuals and Communities were at the centre of the decision making process . They have to take initiatives, Make decisions and play the key role in their ‘home building’ process.
- Government’s role was redefined to be a facilitator of a community driven process.
- It required creating necessary conditions and a conducive environment for individuals and communities to take the lead.
- It was ‘process focused’ than the ‘product’

1.5 Million Housing Program

- Participatory approaches gain further recognition and acceptance.
- The Housing program was refined and expanded to assist 1.5 million households with multifaceted components.
- NHDA also started a Public Utilities Program (PUP) for the provision and O & M of the Infrastructure Services in urban low-income settlements
- A seed capital was allocated annually for each Local Authority to carryout the O&M activities of urban services in LIS with counterpart and topping up funding from the respective Institutions.

Post 1994 period

- The focus on participatory approaches diminishes significantly.
- The provider-based, state-driven approach regains more “emphasis” in government housing programmes.
- A deviation and reversal is observed.
- The Political “tag-line” on “Housing” also became less prominent. 2 donor-funded projects (Clean Settlements Programme (World Bank) and Urban Settlements Improvement Project (JBIC) operated in the provision of services in urban low-income settlements adopting “participatory approaches” of course without the blessing of the Government.
- These Projects adopted community contracting system in carrying out project activities and it helped to form Community Funds for O&M works by the respective CBOs.
- A “Land shared for a House”- the REEL approach became the focus requiring heavy capital investments.
- Couldn’t get off ground as anticipated amidst the mismatches of “market economics”.
- A “Low key” and “less focused” interventions with “mixed and inconsistent approaches” in the Housing sector in the absence of huge funding required from the Govt to implement a provider based housing programme

2005 onwards

- Janasevana Housing program: “A House for every family in Sri Lanka”
- On going urban regeneration program of the Urban Development Authority (UDA)

Introduction

In the past 40 years, Thailand has developed economically to take become one of the largest economies in Asia, both in terms of GDP and PPP. As it often does, economic development went hand in hand with urbanisation, making the Thai landscape distinctively urban, with already more than half the population living in cities. This translated into a boom of real estate development in the country: in Bangkok alone, 39,050 new condominium units were built in 2016—up by 13% since 2015 (Castanas, 2017; Kongcheep, 2016a). Despite the glimmer of Bangkok's cityscape, another reality looms in the background: the reality of urban poor populations, whose plight fails to garner popular attention. While Bangkok shapes itself into the pinnacle of a modern Asian city, the proliferation of informal settlements continues as national policies and government funding falls short of the needs of this ever growing urban population (UN Habitat, 2005).

The question of how to reach the poor can easily become contentious but in Thailand different public agencies have taken on the challenge. A supply-driven approach has been undertaken by the National Housing Authority (NHA), while the Community Organisations Development Institute (CODI) has used participation through its demand-driven Baan Mankong Programme.

In this socio-political climate, the role of local governments in ensuring that the SDGs Goal of ensuring access for all to adequate, safe and affordable housing and basic services, and upgrade slums by 2030 becomes particularly interesting.

Urbanisation and the urban poor

Thailand has an estimated population of over 69 million people, 75% of which are Ethnic Thai, 14% are Thai Chinese, and 3% are ethnically Malay. The population of Bangkok is currently at around 8 million—making up 13.4% of the national population, with 14 million people living in Bangkok and the surrounding Bangkok Metropolitan Region—amounting to 22.2% of the country's total population. Thailand is distinctively urban, with more than half of the population already living in urban centres. Moreover, its urban population is growing faster than its rural population, meaning that this trend will only be exacerbated in the future (World Population Review, 2018; Usavagovitwong et. al, 2013; OECD, 2016; NHA, 2013).

In fact, rapid and unplanned urbanisation—mostly towards Bangkok—is one of the two major population challenges facing the country, the other being an aging population. Urbanisation drives up competition for land, and is coupled by demand for commercial development: 723,000 m² of land have been marked for commercial development in 2017-2018 alone, mostly to create new malls. Simply put, alternative land use or the development of high market housing drives up the price and shapes the housing market, which in turn excludes the needs of the urban poor. This trend exacerbates the creation of informal settlements, often on contested land, as the only viable solution for lower income populations, with access to affordable raw land and finished projects deemed to be the biggest obstacle to the poor achieving safe and stable housing (Kongcheep, 2016a; Usavagovitwong et. al, 2013; Boonyabancha, 2005; NHA, 2013).

Since 2010, the development of condos and apartments has been on the rise, especially in the Central Region and Bangkok. In Bangkok, 31% of the population lives in condos, up from 16% in 2008 (NHA, 2013). In the same period, the price of commercial houses has risen considerably: the price of condos has increased by 60% which town houses are now 20% more expensive (NHA, 2013).

It is clear that housing development, especially in Bangkok, is geared towards the mid and upper socio-economic groups. This is translated into substantial housing shortages for the poor, especially those earning less than 15,000 baht per month (NHA, 2013). Left unregulated, the private sector does not cater to the needs of the poor.

This reality is also reflected in the data. In 2003, a survey of 5,500 urban poor communities found that a staggering 8.25 million urban dwellers lived in low quality housing. Also telling was the fact that 3,700 of these 5,500 communities had no land security, with 70% renting the land in the absence of secure and long term agreements and 30% squatting on public land. The threat of eviction is a constant concern for communities living on contested land or lacking secure rental agreements (Boonyabancha, 2005; Castanas et. al, 2016).

In Bangkok, lower income urban settlements are often located in dense inner city areas. As these become commercially appealing, poor communities—often lacking in services—are located physically close to well-off developments, leading to “local disparities, inequities and segregation” (Usavagovitwong et. al, 2013). Not surprisingly, evictions are becoming frequent in Thailand.

Urbanisation and evictions

The increased demand for land has triggered a rise in evictions—both visible and “invisible”—in Thailand. This is in line with the reality in Asia as a whole: Asian cities are witnessing a rise in evictions, due to “urbanization, globalization and commercialization of urban land [which] are increasingly forcing the poor out of their houses and off their land” (UN-Habitat, 2008). Evictions typically increase during times of economic prosperity, as land competition intensifies. Thailand, with a GDP growth rate of around 4% per annum and rising, is currently undergoing such a period (UN-Habitat, 2008; Asian Development Bank, 2018).

While some evictions are clear cut, there is also an issue with “invisible evictions”, whereby long-term contracts for communities are replaced by short ones—or even year on year contracts. Communities are also not informed of the long term plans of the landowners or the city development plans from other departments; when contracts are renewed, rents often increase. This adds to the insecurity faced by these communities (Yamtree and Castanas, 2017).

Land sharing is a viable city-scale solution to evictions in Thailand: the residents of the small Klong Lumnoon community strengthened their ties to other poor canal communities, created a savings group and jointly negotiated purchasing parts of the land to remain on site, rather than being evicted (UN-Habitat, 2008).

Resettlement is another alternative to evictions. However, a 2008 UN-Habitat report found that not all suggested resettlements were necessary. Case in point, the proposed resettlement of Ban Khrua: this 200-year old community was planned to be resettled to make way for an expressway. They fought the resettlement for nearly 15 years, from the 1980’s onwards, until the plans were abandoned (UN-Habitat, 2008).

To deal with the issue of pro-poor housing the Thai government has attempted two different approach through two public agencies: the NHA and CODI.

Pro-poor Housing institutions and housing policies in Thailand

When thinking of pro-poor housing in Thailand, there are two main organisations, both under the Ministry of Social Welfare and Human Development:

- The National Housing Authority (NHA) which adopts a supply-driven housing programme
- The Community Organisations Development Institute (CODI) which implements a demand-driven approach by communities

3.1 The NHA

The National Housing Authority (NHA) was formed in the 1970’s with the mandate to “conduct urban community development, clear slums and resettle inhabitants; provide dwellings for rent, sale and hire-purchase; and subsidise and guarantee tenants and buyers” (Giles, 2003). The creation of the NHA centralised the Housing Division, the Housing Office, the Government Housing Bank and the Bangkok Slum Improvement Office, which up to that point operated under different jurisdictions but all with the aim of providing housing for all (NHA, 2015).

In the 1980’s, the focus was placed on public-private partnerships, whereby the private sector could actively target communities through what they called an “enabling strategy” (Usavagovitwong, 2013; Yap, 1996). This strategy was deemed very successful in reaching lower income groups, as it improved access to housing in Bangkok from 15% to 70-80%. Nevertheless, this still left a sizeable section of the urban population outside the reach of even pro-poor housing. In fact, the NHA’s housing policy mostly targeted lower-middle urban dwellers, while slums in the city centre were cleared and evictions intensified (Usavagovitwong, 2013).

The NHA approach to social housing has always been supply-driven: its 2003 Baan Ua Arthorn Programme (“We care” in Thai) has focused on building ready to occupy flats at a subsidised rate. Lower income applicants can access the scheme through a “rent to own” entry point (CODI, N/A). The programme aimed to build 600,000 units, mostly for “low income, junior civil servants and government official households” (Goenchanart, 2017). The NHA would build the units that the targeted populations could rent to own.

A central concern with NHA programmes is that they were created in an environment of insufficient funding: in the 1970's, they were plagued by funding issues, causing them to gradually be replaced by a mandate to build “politically visible flats in Bangkok”. The NHA mostly relied on the trickle-down effect of economic growth, and its failure to reach the poorest sections of society has been linked to the creation of CODI and the Baan Mankong (Usavagovitwong, 2013).

3.2 CODI

The Urban Community Development Office (UCDO), CODI's predecessor, was created in the early 1990's with a budget allocation of US\$30 million with the aim of supporting and empowering community organisations with housing loans, and an emphasis on reaching the lowest income brackets of society. The UCDO was instrumental in the creation of community savings groups across Thailand and promoted a participatory slum upgrading model (Castanas et. al, 2016; Bhatkal and Lucci, 2015; UN Habitat, 2009; Archer, 2010; Boonyabancha, 2005).

In 2000, the Urban Community Development Office (UCDO) and the Rural Development Fund merged, thus creating CODI. The success of the UCDO paved the way for CODI, which then implemented Baan Mankong, its national slum upgrading programme built on the concept of participation. The Baan Mankong, “secure housing” in Thai, uses government funds as revolving funds and soft loans that communities can access together. The communities first need to form a savings group and save together for a minimum of a year and save a percentage of the loan they will receive. The loan is then taken jointly by the community committee and a cooperative they manage themselves. Land is acquired or leased communally, for a minimum of 15 years, and the repayment is managed directly by the committee. The Baan Mankong financial mechanisms do more than just allow communities to access funding: “community members [...] gain experience in managing community-level conflicts, develop mutual trust, and gain skills in monetary management” (Usavagovitwong et. al, 2013; Castanas, et. al, 2016; Boonyabancha, 2009; Archer, 2010; UN Habitat, 2009).

Baan Mankong is seen as a pioneer of its kind, in the way that it allows community organisations to be the drivers and core actors of their housing projects, promotes ties between communities to empower low-income populations, and supports poor people as they gain managerial capacity through the process as they lead the project with CODI's technical assistance. Lastly, Baan Mankong shifts the focus from a single community to the entire city through mapping and inter-community ties. CODI strives to connect housing developments to other city upgrading plans, in order for its approach to be holistic (Usavagovitwong, 2013; Castanas, et. al, 2016; CODI, 2016).

In this work, CODI has the unique advantage of being a public organisation, thus linking the government with grassroot organisation and society groups, with community leaders serving on its board (Usavagovitwong, 2013).

CODI numbers:

- **Baan Mankong Figures, 2003 - March 2018: 1,035 housing projects approved** (covering 2,166 communities), in 405 cities, in 76 provinces. **105,739 households got secure land and housing** in these projects **61% of these families made their new housing on the same site** (using redevelopment strategies such as on-site upgrading, reblocking, reconstruction or land-sharing) Budget for these projects included: **Grants for infrastructure and housing:** 3,868.61 million baht (US\$117.23 million) and **Loans for land and housing:** 8,772.23 million baht (US\$ 265.83 million)
- **Since its inception in 1992, CODI has approved loans for 956 projects:** a total of 10,483.40 million baht, benefiting 404,600 families.

Securing land tenure at community—rather than individual—level through the Baan Mankong is a powerful ally to poor communities in Thailand. “Collective land tenure in poor communities is now the norm rather than the exception in Thailand. Out of 575 community upgrading projects in 200 Thai cities so far (affecting 47,000 households), 470 projects are in communities with collective land tenure” (UN-Habitat, 2008).

CODI has also recently started an innovative housing programme targeting the poorest people in rural areas, namely those who cannot reach the savings and minimum thus access the Baan Mankong program. The Baan Paw Pieng, which means “sufficiency home” in Thai, was started in 2016. This Rural Sufficiency Home Programme supports communities as the core for self-renovation of homes across the country, allowing poor people access to improved living conditions, and better standards of living. The programme aims to reach a total of 325,000 households over a period of 5 years—from 2016 to 2020—with a budget not exceeding 18,000 baht per household, and a total budget of 5,850 million baht. To reach the target number

of households with its limited budget, the Baan Paw Pieng needs to be innovative in the management of funding to support as many people as possible (Yangsoong et. al, 2018; Somboomsup, 2018).

The Baan Paw Pieng offers two types of assistance:

1. The first is a grant offered to underprivileged, elderly, and disabled people, or orphans with no relatives. Community groups undertake surveys to select the beneficiaries in each district, and then gather construction materials and contribute their time and labour collectively for the renovation of the selected houses.
2. The second type is a loan provided for those in need and who are capable of repayment. Each district establishes its own collective fund, while the beneficiary starts saving incrementally and reimburses the mutual fund after the restoration is completed (Yangsoong et. al, 2018; Somboomsup, 2018).

The differences between the NHA and CODI are clear. While aiming to solve the lack of secure housing for lower income people, they expressly target different populations. CODI target the poorest part of society, specifically those already living in slums or currently homeless. The NHA on the other hand targets low and middle income earners, with an emphasis on government workers earning up to 22,000 baht (Goenchanart, 2017). Moreover, CODI works with organised community groups, who save together and agree to get a communal loan. This approach strengthens community ties, especially communities need to live together for a minimum of 15 years.

NHA housing uses a top-down approach, focused on two main roles: selling the houses they have built and track the occupancy period. The NHA Housing Project oftentimes creates new communities with no pre-existing ties (especially in cases where the sale is open to the market), but can also serve as a resettlement option in cases of disasters. The NHA's main role is the building of infrastructure and does not foster community ties between people (Usavagovitwong et. al, 2013).

Housing for all in Thailand

The Baan Mankong aims to reach the poorest people in society, provided that they organise and form savings groups. However, some poor people cannot reach the minimum savings requirements necessary to participate in the program. In the presence of strong community ties and a spirit of inclusion, some Baan Mankong projects have managed to include the most disenfranchised community members. These include free housing for the poorest amongst the community, or collective loans to allow elderly community members or those with a disability to remain within a community that is being upgraded. The vulnerable people are identified by the community members themselves, with no interference from the government or CODI. The local government has been instrumental in these examples of inclusion, as they assist in the surveying and give the opportunity to communities to pick who to assist (Castanas, et. al, 2016).

What is more, a 2013 study by the International Institute for Environment and Development found that Baan Mankong communities had stronger community ties and levels of satisfaction than the NHA projects they evaluated. The researchers found that the fact that community members has the opportunity to participate in the design and decision making processes had a significant effect on satisfaction and neighbourliness (Usavagovitwong et. al, 2013).

Lastly, the new Baan Paw Pieng specifically targets the poorest people who are left out of the Baan Mankong programme. Nevertheless, perfect inclusion is still a long way off in Thailand.

Housing funding in Thailand

4.1 Private funding

There are 17 incorporated commercial banks in the Kingdom of Thailand, and 8 Specialised Financial Institutions (SFIs) directly owned by the government, which fund housing programs in Thailand. The most notable SFIs are the Government Savings Bank (GSB), and the Government Housing Bank (GHB) (NHA, 2013).

4.1.1 The GSB

The Government Savings Bank was funded in the early 20th century to instigate private savings by citizens. It operates as a commercial bank, while issuing mortgages or funding housing development is not the bank's main purpose. When looking at mortgages, it is favoured by low income people—those making under THB 15,000 per month—who represent 70% of the GSB's mortgage customers (NHA, 2013).

4.1.2 The GBP

The GHB was funded with a mandate related to housing services, serving as both a housing developer and a housing finance provider. The creation of the NHA however took over the developing arm of its operations and the GBP is now “in the business of extending short and long-term loans to both housing project developers and long-term financing to the general public who wish to build, buy or secure their own homes”, with a presence in most provinces across Thailand (NHA, 2013). Funding for the NHA and CODI mostly comes from the GBP, though their respective low income housing programmes.

4.2 Community funding

As discussed above, CODI and the Baan Mankong fund their initiatives with the help of community savings groups. At city level, there are City Development Funds (CDFs), supported by the Asian Coalition for Housing Rights and backed by CODI through seed funds of 20,000 baht per city (\$670). These formed networks of savings groups across a given city, with regular contributions by various savings groups, and are now present in roughly 60 cities across Thailand. The funds in CDFs can be used for housing projects amongst others (CODI, 2016).

Central versus local: the role of local government

Thai politics have traditionally been extremely centralised. In the 1990's, following the economic crisis and a new concern with self-sufficiency, decentralisation became a major concern of party politics, overlapping with the country's constitutional reform. Before the 1990's, public service delivery depended solely on the national government, with local authorities amounting to less than 10% of total national expenditures. The *tambon*, Thailand's local government unit, gained autonomous status in 1994 through the creation of the Tambon Administrative Organisation Act. Between 1997 and 1999, the “Act for Promotion of Decentralisation” was passed, stipulating that local governments must elect their own leadership, with no interference of the national government, including the election of a mayor and local assembly. There were various other legislative measures to prevent interference by the Ministry of Interior into tambon affairs, and to incite local citizens to participate in local government (National Housing Authority, 2013; Nagai, et. al, 2008a; Nagai, et. al, 2008b).

This new framework grants powers to the local authorities to be active stakeholders in shaping housing policies, including the provision of pro-poor housing. However, a survey by the National Housing Association found that “all local governments with the exception of the BMA lack both the funding and the technical capacity to implement affordable housing, [and] no new housing supply has been added by local governments yet” (NHA, 2013). Despite decentralisation efforts, financial services remain centralised with a few exceptions, so local governments are not free to implement their own programs. Nevertheless, decentralisation efforts have contributed to larger accountability for local governments (Nagai, et. al, 2008a).

Despite these reforms, centralised power remains a central feature of Thai politics. Despite the local autonomous self-government, the local administration—composed of 75 deconcentrated provinces called *Changwat*—is directly appointed by the Ministry of Interior. This includes the appointment of the head offices and the governor. The local autonomous governments, with their elected mayors, fall under the control of the governor, hence under the control of the Ministry of Interior. These officers have “the authority to approve their annual budget plans and local regulations, dissolve local councils, and dismiss local councillors” (OECD, 2016). Bangkok and Pattaya are granted special autonomous status due to the Bangkok Metropolitan Administration Act of 1985 and the Pattaya City Administrative Organization Act of 1999 respectively (OECD, 2016).

Local governments and housing

As discussed above, the NHA and CODI are responsible for housing policies and supplying housing to low-income populations. Local governments however have a part to play in the drafting of an urban master plan in cities, as well as inspecting the building permit and plans of private contractors. Local governments have a mandate to build pro poor housing, yet “most local governments still have limited capacity in terms of human resources, and financial and technical capacities. Accordingly, local governments should be afforded the opportunity to increase capacity and gain more experience by being responsible for certain parts of administrative procedures (instead of the central government) as in the case of land development permissions under the Department of Land” (Usavagovitwong et. al, 2013). Local governments can also be powerful allies to poor populations, be it in cooperation with CODI and the NHA or independently.

Evictions and the local government

The role of the local government in case of evictions is not clear cut, and varies case by case. Below, are two examples that illustrate the different position of local governments vis-à-vis the urban poor.

7.1 Pom Mahakan Fort community in Bangkok

The Pom Mahakan Fort community is located in the Phra Nakhon district of Bangkok, in the city's cultural centre. The community is tucked behind the wall of the old Pom Mahakan Fort, built in the 1700's. The residents have been living in that location for over six generations, and have been in opposition with the government for at least the past 20 years. In the early 1990's, the Thai government ordered the eviction of this community to make way for a park to promote eco-tourism in the Thai capital, but the move was opposed at the time at the time by the Bangkok Metropolitan Authority (BMA). However, the BMA's position changed in 2004, when the local authority recognised the government's right to clear the settlement and evict the 50 families living there (Mokkhasen, 2016; Mokkhasen, 2017; Coconuts Bangkok, 2016).

Community leaders continued to fight their right to the city for the next decade: they complied with the local authority's plans to open the community as a "living museum", offer to help to take care of the fort and promote tourism, going as far as suggesting that the local residents serve as guards to ensure the safety of tourists and pay rent to the government. In 2016 however, residents were ordered to evict the premises within a month; 12 homes were destroyed later that year, with the rest of the residents refusing to move. 4 more were cleared in 2017 Mokkhasen, 2016; Mokkhasen, 2017; Coconuts Bangkok, 2016). Still, residents are requesting that the value of the settlement be appreciated, especially given that some of the structures are over 100 years old, and offer beautiful and unique wooden features. Nevertheless, the last structures were cleared in 2018, days after the celebration of the founding of Bangkok, where local authorities stressed the importance of preserving local heritage sites (Wattanasukchai, 2018).

7.2 Chum Phae city in Khon Kaen

Chum Phae is a town in the Khon Kaen region of Northeastern Thailand, with a population of over 30,000 people. While the region is mostly rural, Chum Phae is a manufacturing town, and therefore sees urban migration of farmers coming to work in factories. The government's housing policies have failed to address the needs of the poor in this city, as rising land prices and commercial competition for land has led to evictions and a shortage of available pro poor housing (City Population, 2018; ACHR, 2017).

Communities in this city organised in 2004 and worked hand in hand with the local government and CODI to complete city-wide surveys of urban slums, renter populations and squatter populations to come up with a city wide plan for the urban poor (ACHR, 2017).

The case of Chum Phae is noteworthy for various reasons. First and foremost, local communities have been very successful in forming partnerships, not least with the local government. Second, they have achieved a near perfect inclusion to their community savings scheme, and became one of the first CDFs in the country in 2009. Lastly, Chum Phae is poised to achieve housing for all, and now uses its savings groups for income generation and livelihood schemes, and to support children and elderly people, (ACHR, 2017).

7.3 Mae Ka Canal, Chiang Mai

The Mae Ka Canal in Chiang Mai, in the North of Thailand, is 31 km long, 11 km of which are located directly in the city and cover 16 communities, or 2,404 households. The canal is crucial in linking people's homes, but also heritage sites, economic areas in the city, and public areas (CODI, 2018; Ribeiro, 2016).

People from rural areas were drawn to Chiang Mai in light of the city's economic and geographical expansion. Not being able to afford buying land, they squatted public lands near the river, thus creating these communities. As the city continued to develop, and with concerns over environmental deterioration in the area, these communities have been under mounting threat of eviction. To counter that, they created the Chiang Mai Canal Development Committee, in collaboration with the local authority, to safeguard their rights (Srisuwan, 2005; CODI, 2018; Ribeiro, 2016).

In June 2012, the Thai government agreed to reorganise areas along public water lines—affecting both rivers and canals. Communities along the Mae Ka Canal were flagged for eviction, affecting a total of 7,744 people. The ministry of social development and human security was mandated to negotiate with the affected people, and locate new areas to communities. CODI, through its Baan Mankong programme, got involved as well under this ministry. The Chiang Mai Canal Development Committee has been working with formal and informal partners—including CODI—to find solutions for people who are getting evicted.

The strategies currently under consideration by CODI include:

1. CODI needs to ensure taking care of the people who are being evicted, making sure they are not left behind after the eviction, especially to the 3 communities are forced to relocate to a new area. CODI also aims to ensure there is a plan to find new land that the government agrees with in case the communities need it.

2. Propose people- and environmentally-friendly designs for the two sides of the canal instead of implementing the concrete surface that the government has proposed, which would turn the canal into a drainage canal. Propose various housing design/planning solutions to showcase how people can live with the canal in a better way.
3. Share this story and make it into a Chiang Mai issue. This issue needs to be public and people living in Chiang Mai need be aware of this situation. The canal does not just belong to those living along it (CODI, 2018).

In September 2017, the central government agreed to the 20-year-housing development plan of the Baan Mankong. In June 2018, CODI coordinated with the Chiang Mai authority, and is currently working on formulating a plan to support those who are affected from this riverside development plan. This is a case where the local government cooperated with communities and their partners to find mutually beneficial solutions, that can be agreed on by the national government (Srisuwan, 2005; CODI, 2018).

7.4 Had Lek, Trat

The Had Lek community in Klong Yai district in Trat, on the border with Cambodia, is also being affected by forced evictions. Trat is a Special Economic Zone (SEZ), an identification used to channel investments both within the country and from international funds in order to promote specific economic activities: in Trat, this activity is fisheries. Most families in Had Lek are engaged in the fishing industry, yet the SEZ denomination of this area has led to land grabs and forced evictions as land is being designated for economic activity. The biggest issue faced by the 5 communities in Had Lek—with a total of 1,921 affected households—is that there is very little available land and fierce competition for its use: 815 of these households are squatting land that belongs to the Marine Department, which is now evicting these generation-old communities, while 504 more houses are run down and need reparations. Yet there are no available lands for them to move to (Chotiwan, 2017; CODI 2018).

The evictions were announced with the onset of the 20-Year National Strategy for the region in 2017 and the Trat provincial development plan for 2015-2018. This scenario is increasingly common for communities along the Thai shores. CODI is working hand in hand with local partners to work with the affected communities on planning and envisioning a future for them in Had Lek, with the explicit aim to then propose this plan to the Marine Department. The wish to:

1. Explain local people that they have a right to housing and to ensure their fisherman way of living is maintained, as it is crucial to the country's economic activity.
2. Use the planning as a tool to ask for support from the government to get access to basic infrastructure.
3. Ensure a formal agreement that finding housing solutions in the Had Lek city needs to be done by the communities in partnership with their local government (CODI, 2018; iLaw, 2017).

As of 2018, this process is still ongoing.

Conclusions

Thailand has a number of pro-poor housing initiatives. The NHA provides housing to middle to poor income families, especially those in government positions. CODI targets the poorest social strata through its Baan Mankong participatory slum upgrading programme and its Baan Paw Pieng programme aiming to leave no one behind.

The process used by CODI focuses on more than the physical reparations: the organisation strives to create better communities, where people are empowered to live together. This is crucial when dealing with poor communities and slums, as the process strengthens community ties and make them more resilient. Housing is but one aspect of this process.

CODI requires a number of partnerships to function, and local governments can play an active role in that. As seen in the cases above, the role of local government in pro-poor housing policies is not clear cut, as it depends on the settings and the political environment. Simply put, the local government can be both a partner in securing housing for the poor and an agent in evicting poor communities.

Politically, Thailand has a centralised centre of power, but there are provisions to allow for greater independence by local governments. It is therefore worth exploring the role of local governments in various settings, to draw conclusions on the possible positive example of partnerships. This should be done both within the context of CODI programmes, as well as independent initiatives. It is also worth noting that the local government can be a source of information on the conditions of specific communities, and therefore well placed to establish which families require further monetary or other assistance.

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I. COUNTRY SITUATION

Demographic figures: The current population of Viet Nam is 96,351,739 , based on the latest United Nations estimates. The total land area is 310,070 Km² (119,719 sq. miles).¹ Vietnam is the world's fourteenth most-crowded nation and the eighth-most-crowded Asian country.

Doi Moi & economic development : After the adoption of Doi Moi ("Renovation") in 1986, it moved from a centrally planned economy to a market economy with a socialist orientation. The economic reform brought or accelerated other transformations: from a primarily agrarian to an increasingly industrial and from a rural to an urbanizing society. Vietnam has built up an impressive record of strong economic growth, GDP growth per capita has averaged 5.5 percent a year since 1990. Vietnam has had one of the fastest GDP per capita growth rates since the early 1990s after only China.² Since 2008, Viet Nam was reclassified as a lower-middle income country. Vietnam's medium term economic outlook remains positive for Government and the international investors with the growth projected to stabilize around 6.5 percent.³

Low-level of urban population: while the national report shown that Viet Nam officially still has a low level of urbanization compared to other Southeast Asian countries, around 35.7 per cent of the population officially lived in the urban areas in December 2015,. This report has officially revealed that these figures do not take into account an unknown number of people who are not registered in the urban area where they live or who live outside the urban-administrative boundaries.⁴

Thus the figures miss unregistered rural migrants and many informal workers in cities, which for example are estimated to represent as much as 10 - 20 percent of the official population of major Vietnamese cities.⁵ This historically controversial problem remains today's debate.⁶

However the newest OECD publishing 2018 has provided a meaningful comparison of Viet Nam's urbanisation level with other countries. By addressing some of the drawbacks of the current methodology of urban planning in Viet Nam, the report shown the Viet Nam's urbanization is around 41% or 37.1 million people. It is much higher than the currently defined by national statistics (only 32% in the same year, 2013).⁷

Urbanization and mega cities: Viet Nam is considered one of the fastest urbanizing countries in Southeast Asia. Viet Nam's urban population (official and unofficial) is set to increase rapidly over the next 10 to 25 years - a majority of the total population is expected to live in urban areas by 2045.

All observers agree that urban population increases are mainly due to rural-to-urban migrations and **urban classification**, a phenomenon which has been strong since the late 1980s. According to the OECD's review between 2004 and 2013, urban population in Viet Nam grew much faster (4.3% annual average) than the average of the OECD countries (0.8% annual average). This rapid growth might in part reflect the effect of

¹ <http://www.worldometers.info/world-population/vietnam-population/>

² World Bank: Viet Nam 2035, Toward Prosperity, Creativity, Equity and Democracy

³ <http://www.worldbank.org/en/country/vietnam/overview>

⁴ National Report for UN Conference on Housing and Sustainable Urban Development (Habitat III)

⁵ UN HABITAT: Viet Nam Housing Profile 2014

⁶ The government uses a national household registration system (ho khai) to manage the population distribution. Registration ties a person to his or her place of residence and prepares investment plans on infrastructure to serve people with urban services. Each household has a household registration booklet which records the name, sex, date of birth, marital status and occupation of all household members and their relationship to the household head The system was introduced in 1955 in the urban areas and extended throughout the country in 1960. A primary motivation for maintaining a restrictive ho khai system, expressed by citizens and policymakers alike, is to reduce migration to urban cities. World Bank Research : Viet Nam's Household Registration System, 2016.

⁷ This OECD report proposes and applies the OECD-EU methodology to define Functional Urban Areas (FUAs) in Viet Nam. FUAs define urban areas as functional socio-economic units, rather than using official administrative boundaries. As a result, 63 FUAs are identified in Viet Nam which cover 7% of the national territory and host 41% (37.1 million people) of the population in 2013. Out of the 63 FUAs, 12 are classified as metropolitan areas (with a population of 500 000 or more).

the continuous administrative reclassification in the country and the incentives created by the city classification system to expand urban land area. That rapid urbanisation will remain a challenge to be faced by the government for decades with about one million people will be added annually to Viet Nam's urban areas.⁸

Most urban growth is in the metropolises of Ha Noi and Ho Chi Minh City, followed by Hai Phong, Da Nang, and Can Tho. Second tier cities are experiencing lower growth rates because they are less attractive than the larger cities in terms of employment and income opportunities. As a result, big urban centers are receiving large inflows of migration, becoming more congested and facing serious social and environmental issues. The negative impacts of economic growth could be seen, while fierce competition in the global economy for foreign direct investments production push harder the urban economy focusing on higher-value-added production to avoid falling into the middle-income Trap. Ha Noi, Ho Chi Minh City and their adjacent provinces have benefitted most from foreign direct investments. These 2 cities are already the main engines of national economic growth, contributed more than 30 per cent to the national GDP, while the rest other cities contributed only 20 per cent.⁹ A more concentration of investments in the two mega cities will, however, increase the uneven spread of economic opportunities across the country and exacerbate further rural-urban migration and multiple the problems of urban poverty and informal housing sector.

Inequality and urban poverty: As highlighted by World Bank "Vietnam's shift from a centrally planned to a market economy has transformed the country from one of the poorest in the world into a lower middle-income country. Vietnam's record in economic growth and poverty reduction over the past two decades has been remarkable. The WB estimated that 30 million Vietnamese people have been lifted out of poverty in the past 20 years. The poverty headcount in Vietnam fell from nearly 60 percent in the early 1990s to 17.2 percent in 2012.¹⁰

However the benefit of the country's economic growth are not being shared equally, and that disparity among the incomes of the rich and poor had increased. Vietnam's 210 super-rich earn more than enough in one year to lift 3.2 million people out of poverty and end extreme poverty in Vietnam. Moreover, as the Oxfam's witness Vietnam's economic inequality is reinforced by inequality of voice and opportunity, with the poorest excluded in favor of the rich. Millions of people, ethnic minorities, small scale farmers, urban migrants and informal workers, and women are more likely to remain poor, excluded from services and political decision making, and continue to face discrimination.¹¹

Migrant workers are one of the social groups excluded in the present model of rapid economic growth in Vietnam. Migrant workers constitute 7.7 per cent of the total population (excluding short-term migration). The majority (94 per cent) of this migration is from rural to urban areas, and up to 70 per cent are concentrated in industrial zones. Migrant workers and their family members are not included in local planning for socioeconomic development at their destination/ working areas, thus the local public services systems are not designed or budgeted to meet their needs and demands; while again (Ho khau) requirements prevent them from accessing existing local services.

Poverty in Vietnam tends to be bias seen as a rural phenomenon and the official poverty line in Vietnam is based on income and is used primarily for targeting social programs. By which the urban poverty have been underestimated. There are significant data gaps to look at the urban poverty in Viet Nam.¹² The population data gap or missing poor migrants are also confirmed in the National report recently. Furthermore, the IIED research based on the multi-dimension poverty in Ha Noi and Ho Chi Minh City found that non-income poverty is often more important than income poverty. The urban poor experience other forms of poverty: lack of adequate housing, poor sanitation, exclusion from social insurance, exposure to risk, and vulnerability to poverty.

Despite economic growth, Vietnam still has a substantial deficit of quality housing. Today, almost 20 percent (approximately 4.8 million households) of Vietnam's 24.2 million households live in poor conditions. Population growth and urbanization have exceeded the government's ability to ensure its citizens have access to safe and affordable housing. As Vietnam continues to promote industrialization as a means to facilitate economic growth and poverty reduction. This will mean that an estimated 374,000 additional units are needed in cities annually, with the number of urban households

⁸ UN HABITAT: Viet Nam Housing Profile 2014

⁹ National Report for UN Conference on Housing and Sustainable Urban Development (Habitat III)

¹⁰ <http://www.worldbank.org/en/country/vietnam/overview>

¹¹ Oxfam UK: Even it Up- How to tackle Inequality in Viet Nam, 2017

¹² IIED research paper: Urban Poverty in Viet Nam – a complementary assessments

projected to increase to 10.1 million in 2020 (from 8.3 million in 2015), as a result of urban population growth and a decline in the average household size at 1.1 percent per annum.¹³

Housing Policy: Historical changes in housing development.

Following the fundamental changes in Viet Nam ushered in by the market reforms known as Doi Moi or “renovation” in 1986, the country was progressively transformed from a centrally planned command economy to a socialist-oriented market economy. Within a few years reforms extended to the housing, urban land, and real estate sectors, and the 1990s witnessed the first articulations of a housing policy and associated legal instruments. Such articulations were further elaborated in the 2000s.

Many laws and regulations have come in force to ensure that the citizens have rights to use land and own their housing as well as the ability to transfer these rights. Regulations have been put in place that aims to improve housing market mechanisms and insure fairer rules. Some decision making power has been decentralised to local levels. Policies have enabled a transition from housing as a social good to a market-oriented housing provision system. Legislation has been written to encourage the mobilisation of all resources for housing development. As a result the housing sector has registered tremendous achievements over the last decades. However no concrete target has been set for low-income housing.¹⁴

To address the housing needs of Vietnamese, the government has introduced almost a dozen public housing programs over the past decade. These programs span assistance to rural low income households, to urban upgrading or financing solutions for the middle income. A number of these government programs have achieved positive results and are moving into subsequent phases of implementation. Although there have been success cases, government housing programs have largely been fragmented and results are difficult to track. Programs are usually developed independently to serve a specific priority segment, for example, meritorious people, students, industrial zone workers, officials, low income and poor households.¹⁵

Social housing policy- conventional and subsidy based ; not feasible and no space for participation- in Viet Nam social housing policy can be considered infancy: while a conventional think of causing the shortage of available land and the high cost of social housing units. Although the Law of Housing has earmarked 30 to 50 percent of land use fees collected locally from commercial housing development projects for use in social housing development, implementation has not been feasible due to the many other demands on local budgets. The policy of allocating 20 percent of available land for social housing (Decision 67/2009) also faces delays. Moreover, the cost of social housing units is usually much higher than low income families can afford.

Contrarily, the Decision 67/2009, only those officially employed who are registered as permanent or long term urban residents are eligible to purchase low income housing. Unregistered migrants and low-income people working for private organisations or in the informal sector, a very large segment of Viet Nam’s urban population are unable to benefit from low-income housing. In addition, enterprises wishing to develop social housing cannot use their land as collateral for loans, given that these lands are exempt from land use charges. This exemption is the main incentive under Decision 67 for private enterprises to invest in low income housing.¹⁶

Very little attention has been paid to demand side support for upgrading the existing informal settlements. Policies related to social housing, low income housing, rental housing and housing for resettlement are still influenced by a reliance on state subsidies (as social burdens).. Housing policies have not created space for poor communities to participate in solving their own housing and shelter problems. Little attention has been paid to enabling direct participation of the people and communities in the process of planning, construction and renovation of deteriorating housing stock or to increase access to suitable housing for low-income people.

Policies focus more on achieving quantitative housing targets (housing projects) than in creating a variety of choices in terms of size location, and quality of housing to meet the demand and affordability of different income groups, and in creating equal opportunities for people to access housing. Housing development programmes and projects in the past few years have mainly focused on new formal development in

¹³ World Bank: Viet Nam – Affordable Housing A way Forward, 2015

¹⁴ UNHABITAT: Housing Sector Profile 2014

¹⁵ World Bank: Viet Nam – Affordable Housing A way Forward, 2015

¹⁶ UNHABITAT: Housing Sector Profile 2014

suburban areas, while a large proportion of people either live in degraded older inner city housing or in peripheral areas where there is lack of basic infrastructure.

Policies almost exclusively relate to formal housing and ignore the informal housing sector. While most of government regulations focus on development of formal housing projects, self-help or “self-reliant” housing has been neglected. Households constructing housing independently lack access to finance and are faced with cumbersome paper work. Due to the lack of effective information management systems and the lack of effective tools for monitoring and evaluating implementation, there is little feedback to assess how well housing policies are working.

Actors in Housing delivery system: formal housing, public housing, informal housing

There is no survey data on Housing stock in Viet Nam: The National Report to Habitat III stated in general that in 2014, the urban housing stock was divided as follows: 42 per cent was permanent; 54 per cent was nonpermanent; 3 per cent was temporary or simple. Meanwhile the UNHABITAT- Housing Sector Profile 2014 shown more precisely the problem of missing housing data. There is no general updated data in Viet Nam on annual housing starts or completions. There is missing updated data of housing situation in Viet Nam. The housing data was relied on 10-year Population and Housing Census. At the same time the UNHABITAT also argued the problem of Housing information from the Census. This Census of Population and Housing carried out by the General Statistics Office every ten years (1999, 2009). Unlike censuses in most countries, and in spite of its name, the census in Viet Nam does not count housing units or buildings. There is limited information about housing living conditions derived from the questionnaires filled out for the resident population. There is no information about vacant, unfinished, or unoccupied units, or about living units not intended for housing, such as garages and shops. Thus there is no data generated on the total housing stock. In addition, it is a pure population census, based on a person’s official residence, and thus it misses most migrants.¹⁷

Self-built housing: slums, gaps, eviction problems, etc.

Informal housing production is the dominant mode of housing supply in many urban areas, but little is known about the processes and the actors involved.¹⁸ Approximately 75 to 80 percent of units are produced by small-scale developers, micro-builders and households themselves. However, low and middle income households still face many difficulties in obtaining the necessary resources for a formal and decent self-built unit. First, access to formal land for self-built housing is often unaffordable due to the costly and lengthy procedures to obtain formal tenure. Secondly, access to finance is a constraint to many low income and informally-employed households, due largely to the low level of financial inclusion. Technical capacity to ensure quality construction of housing is also a challenge. Finally, certain regulatory and administrative requirements push households into informality, such as minimum plot sizes (e.g. 50 m² or more in some cities) and prohibitively costly infrastructure requirements. The government has started to increase flexibility for self-builders, taking into account sector needs. For example, Decree No. 64/2012/ND-CP allows for exemptions on construction permits for small projects, which reflects the government’s willingness to support this sector.¹⁹

In Viet Nam, housing built without the Land Use Right Certificates (LURCs) or without the Building Construction Permit is categorised as informal housing. To obtain a Building Construction Permit, households have to have the LURC, permanent residence registration, and an approved detailed building plan which conforms to the building code and the particular city’s detailed urban plan. However, the process to obtain an LURC is complicated and time consuming in many cities and migrants rarely have a permanent residence registration. Many people consider building permissions as unnecessary and the penalties, should they be imposed, as affordable. A substantial number of low- and medium income individuals are forced to seek informal affordable housing solutions because prices in the formal real estate market are simply too high.²⁰

Scale of informal housing or self-build or slums – UNHABITAT standard vs. World Bank’s views By using the UN’s broad definition, this informal housing is considered as slum.²¹ The UN statistic and report in

¹⁷ UNHABITAT: Housing Sector Profile 2014

¹⁸ National Report for UN Conference on Housing and Sustainable Urban Development (Habitat III)

¹⁹ World Bank: Viet Nam – Affordable Housing A way Forward, 2015

²⁰ UNHABITAT: Housing Sector Profile 2014

²¹ National Report for UN Conference on Housing and Sustainable Urban Development (Habitat III)

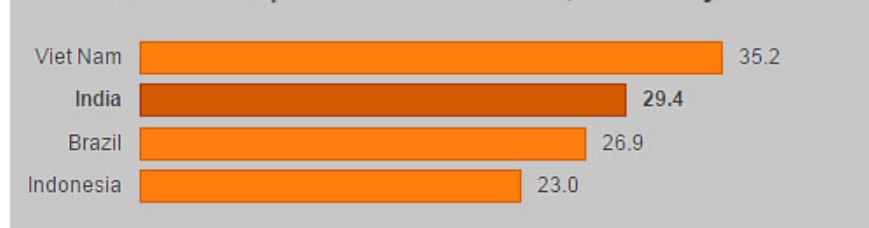
2012-2013 shown that the percentage of urban population in slums in Viet Nam is quite high compared to other countries like India, Brasil and Indonesia :

Table 18 Proportion of urban population living in "slums"

Year	Percentage	Number
1990	60.5	8,118,137
1995	54.6	8,852,034
2000	48.8	9,395,125
2005	41.3	9,491,068
2007	38.3	9,396,278
2009	35.2	9,223,950

Source: UN, 2015.

% Of Urban Population In Slums, Country-wise



Source: [State of the World's Cities 2012/13, UN Habitat](#) [Get the data](#)

Why does Vietnam not have widespread slums?

This question has explained by the World Bank's Urbanization Review 1999- 2009²² . As a lower-income and rapidly urbanizing country, why does Vietnam have so few slums?

Vietnam has a permissive, accepting and sometimes proactive regulatory approach toward customary and affordable housing development. This coupled with the innovative small-scale private housing construction and rental sector, has resulted in there being a very low incidence of slums in Vietnamese cities. This is particularly striking when compared with cities in countries which have even higher urban incomes (India, the Philippines, Indonesia, and Brazil– to mention a few). More specifically, the following features have proven to be very successful.

- 1) The tolerance of small plot sizes, thereby letting people trade-off location for floor space (in many cases floor space as small as 25 m²).
- 2) A permissive attitude toward FAR increases, which has enabled an increase in the supply of floor space without the need for more land.
- 3) The incorporation and densification of peri-urban villages into the urban fabric.
- 4) Investment in primary/trunk infrastructure near these urbanizing villages (with communities then investing in incremental improvements within the village).
- 5) The dynamism of the efficient and entrepreneurial low-cost, self-help and small contractor construction sector –

Additionally, the history of people-friendly socialist practices and widespread government subsidies for housing in the past, as well as ongoing incremental upgrading practices (the VUUP, a 10 year (2004-2014)USD 417 million project partly funded by the WB and other donors; implemented in 4 cities: Nam Dinh, Hai Phong, Can Tho and Ho Chi Minh City), have helped bring about this situation. The very accepting attitude of Vietnamese people to inter-generational co-habitation in rural and urban areas, has also contributed to relatively better housing for lower income groups more than in comparator countries.

Government attitude toward informal housing: The government of Viet Nam has a dual face to look at this informal housing . In on hand the city relatively permissive attitude towards informal housing as it is not specifically recognised as 'illegal' housing that should be strictly regulated. However, informal housing areas are not recognised in the government's master plans for urban development. This city mater plan could also be used as lawful tool to legitimate the new urban development or renovation project by forcing the people out and taking their land.

²² World Bank: Viet Nam – Urbanization Review. Technical Assisstant Report, 2011

Land Law of 2003 accepts the existence of illegal houses built before July 1, 2004. Decision 39/2005/QĐ-TTg on February 28, 2005 allows households to register illegal houses built before July 1, 2004. In HCMC, the People's Committee also relaxed their regulation with the Decision 207/2005/QĐ-UBND on December 1 2005. The low-income families have no choice for affordable housing. Government agencies at ward or commune level have the mandate to penalise housing construction without permission and to force the landowner to clear the construction and restore the site to its former state. It also means the self-build housing process and the poor families are threatened by daily immediate evictions at community level.

Problems of land disputes and forced evictions:

The problem of land tenures could be seen from the Constitution and the ambiguity of social –oriented market development method. There have been confusion and debate over the precise meaning of “ownership of the entire people” and “ownership of the state.” (on land). Although “land falls under ownership of the entire people” according to the Constitution, Article 200 of the Civil Code 2005 specifies that “assets falling under ownership of the state include land, natural forests...” Private ownership of land is not formally recognised and this ambiguity over land ownership has led to many conflicts in land acquisition. At the beginning of 2013, public consultation was initiated as part of preparations for the Draft Revised Constitution and the Draft Revised Land law, which will hopefully clarify the meaning of private versus public ownership of land.

In Vietnam, land property is still controlled by the state and only land right uses can be exchanged or compensated in the case of land eviction. In the Vietnamese language, these operations are literally called “land recovery” or “land liberation”. The sale of land rights uses to private companies is an important income for local authorities, especially considering the corrupt practices to which they are deeply linked. Transfers of land right uses are also subject to speculation, which increase their value. With the anticipation of their future urban status, agricultural lands localised in the urban outskirts are subject to important speculative practices. “Land recovery” among local communities is then a prerequisite, both for new urban development and renovation projects. These forced evictions illustrate state authoritarianism. These moments are often destabilizing and sometimes dramatic for the local inhabitants, who lose their homes or their resources for work, but the state representatives try to legitimate them by invoking the imperative of “modernity” and “civilisation”.²³

The government has enacted a series of decrees and circulars on resettlement over the last decade. The Article No. 42 of the Land Law of 2003 outlines requirements for “compensation, resettlement and re-habitation action plans” stipulates measures for livelihood stabilisation, assistance for displaced people, change of occupation and eligibility for compensation. However, the land conflict often ends up in forced evictions, which become more and more frequent and common in many cities and towns. 98 per cent of the complaints received by the Vietnamese Ministry of Environment and Natural Resources in 2014 were related to land conflict.²⁴ The most critical of the many reasons for disputes revolves around the large gap between government compensation and market prices for land acquired.²⁵

In reality, all land essentially remains under the ownership of the state, including that used for private development which is granted long-term use rights. The fact that the state remains the only lawful owner of land ultimately makes it the most powerful actor in most land acquisitions. Land developers have aligned with the plans and interests of key government officials at the 3 levels (provincial, district/city, and communal levels). Together they have asserted that the project is in the “national and public interest,” (i.e. “development of public infrastructure”, “boost the city’s economic growth”) and deployed public policy instruments (i.e. “Land for Infrastructure”, and the government’s preferential Land Price Framework) to impose a land compensation rate that from the perspective of the villagers/farmers is unjust. Once the land was acquired, property was built on it and it was re-rented or re-sold to investors at real market prices. The most recent case of more than hundred of families in Thu Thiem aired their grievances that revealing the large gap on land profit and compensation is far imaginable, nearly 20 times²⁶

²³ Marie Gibert and Juliette Segard, « Urban Planning in Vietnam: A Vector for a Negotiated Authoritarianism? » *justice spatiale | spatial justice*, n° 8 juillet 2015, <http://www.jssj.org>

²⁴ <https://www.straitstimes.com/asia/se-asia/land-disputes-cloud-fast-developing-region>

²⁵ UNHABITAT: Housing Sector Profile 2014

²⁶ <http://www.vir.com.vn/city-meets-with-residents-to-discuss-thu-thiem-site-clearance-dispute-59077.html>: Mrs. Le Thi Bach Tuyet, said: “I was compensated only VNĐ18 million (US\$790) per square metre for my land, which is now being sold again by the investor at VNĐ350 million (\$15,360) per square metre.”

Formal housing solutions are largely not affordable to the low income. The World Bank's affordability analysis based on income groups indicates that only the top income quintile can afford developer-built commercial units. Therefore recently the government's stimulus package of 30 trillion VND has extended affordability to middle income households, albeit at a high cost to government, by significantly lowering and fixing interest rates below prevailing market rates. However, standard housing units are not affordable for lower-income groups, as well as informal income or tenure groups.²⁷

30 Trillion Stimulus Package: GoV launched the 30 trillion stimulus package in June 2013 to stimulate the real estate market, while addressing the over-supply of high-end inventories, and reorienting lenders and developers toward real demand from middle and low income consumers. While SBV manages consumer eligibility criteria, loan disbursement and performance on the demand side, MoC is responsible for approving and overseeing projects on the supply side. Although the program has been largely successful at stimulating affordable housing production and lending, aimed to reach an estimated 45,000 households, it struggled initially with slow disbursement and largely benefits the formally-employed middle class at high economic cost to the government. The implicit economic cost of the subsidy for mortgage loans and developer loans is 23.8 percent and 7.1 percent of total capital, respectively.

Few housing alternatives for self-build Housing: There were few existing housing programs supporting self-build housing solutions for low income households in urban areas and addressing systemic issues and directly demand side support. These 3 programs with the external financial and technical supports. The VUUP, Tan Hoa Logom Canal Upgrading and ACCA/ACHR were the first large-scale programs that directly targeted the urban low income; changing housing policy enabling community participation as active roles rather than social groups.

PROGRAM	DONORS/ SUPPORTER	YEAR/ DURATION	TOTAL FINANCIAL SUPPORT	NUMBER OF CITIES/ DISTRICT	NUMBER OF BENEFICIARIES
Tan Hoa Lo Gom Canal Upgrading	Belgium Government	1998 - 2006	20 million Euros	1 district	72 housing units
VUUP- URBAN UPGRADING	World Bank	2004-2014	417 million \$US	4 cities	200 communities
VUUP micro- loan housing	WB	2004-2014	15 million \$US	4 cities	90,000 housing loans completed
ACCA small upgrading	Melinda and Bill Gates Foundation/ ACHR	2009 - 2014	288,000 \$US	16 cities	104 communities
ACCA housing projects	Melinda and Bill Gates Foundation/ ACHR	2009 - 2014	465,000 \$US	11 cities (13 housing projects)	390 houses

Among these 3 external support programs oriented to demand-side and low-income urban communities, only the ACCA program has given loans to communities instead of individuals to insitu infrastructure upgrading (15,000 \$US per city) and also another humble amount of 40,000 \$US to City's revolving housing fund to find alternative housing solutions for slum communities.

II. Governance systems and relationship between national, cities and people

The cities in Viet Nam are categorized by administration and hierarchy. This urban classification is an essential part of the country's urban policy and urban management and development since 2001. This classification system has profound implications for administrative functions, tax collection and funding decisions. The greater autonomy and increased financial flexibility that comes with the higher classifications creates an incentive for attaining upward mobility within the scale. Striving for higher classification standards has in recent years become a major preoccupation of local government authorities as urban areas of higher classes receive greater recognition and shares of financial resources. This may be seen as a positive factor, in encouraging urban administrators to be ambitious on behalf of their cities and the provinces they serve, but it also carries certain disadvantages. As the cities often make investments in infrastructure to enable them to meet the requirements of the next classification level rather than in direct response to the immediate needs and affordability of the population.

²⁷ World Bank: Viet Nam – Affordable Housing A way Forward, 2015

In the recent MoC's report, by the end of the 3rd quarter of 2017, there were 809 cities and towns including 2 special cities; 17 class I cities; 25 class II cities (regional centers); 45 class III cities and towns (provincial cities); 84 class IV cities (provincial towns); 646 class V small towns.²⁸

Table: Change in urban classification 1999, 2009, 2017 and plan to 2025

	1999*	2009*	2017**	2025***
Special		2	2	17
Class I	2	5	17	
Class II	8	12	25	20
Class III	12	40	45	81
Class IV	64	47	84	122
Class V	518	625	646	760
TOTAL	604	731	809	1,000

Source: *Cities Alliance: Urbanization Review, 2011

** <http://bnews.vn/doi-moi-trong-nang-cap-phan-loai-do-thi-/67692.html>.

*** World Bank: Viet Nam – Affordable Housing A way Forward, 2015

This pro-urban development strategy at national level seems practically has brought real estate market in the cities, which attract the private investments for infrastructures and formal housing sectors. While higher land prices could bring quick cash to the government through tax, the better-off groups could enjoy profit, it could trigger at the same time land conflicts and massive evictions, the low-income groups will suffer the most in both the short term and the long-term.

Urban Planning and management:

Central government role: The Communist Party is the leading political organisation in Viet Nam and the sole party in Viet Nam. It approves a new National Socio- Economic Development Strategy (National SEDS) every 10 years, based on which housing strategies and policies are made. The National Assembly is the country's legislative body. In the housing field, it issues the Constitution and laws. The central government, headed by the prime minister who reports to the National Assembly and the president, is in charge of managing government activities, supervising implementation of the National Assembly and government decisions/resolutions. There exist 30 laws related to urban development. For Housing sector, they sign the decrees guiding implementation of housing related laws and decisions on housing policies.

Difficulties in coordination weaken housing sector governance. The National Housing Development Strategy to 2020, with a vision to 2030 (Decision No. 2127/QĐ-TTg November 30, 2011) approved by the Prime Minister in 2011, which details the target groups to be supported in terms of housing, including low-income people. The Ministry of Construction (MoC) plays a lead role in regulating and overseeing the housing sector. However, due to the interdisciplinary nature of housing, this role requires convening across almost a dozen separate concerned ministries (including, *inter alia*, MoC, MoF, MPI, MoNRE, MoT and SBV), which is a difficult task without the necessary tools and support. Many central government bodies act as institutional silos with *ad hoc* coordination and reporting mechanisms, which limits the ability of MoC to design and deliver cost effective and integrated housing programs.

Urban governance, legislation and Decentralization in Vietnam

Provinces have the most powerful in making decisions and cities are implementors.

In Vietnam, the first administrative tier of government under the national government is the provincial government. Vietnam has 58 provinces and 5 "provincial cities" (Ho Chi Minh, Hanoi, Da Nang, Can Tho, Hai Phong) – totaling 63 provincial level authorities. Provinces play a key role in this development and their autonomy vis-à-vis central government is constantly expanding, as are their powers and resources.²⁹

Although the Urban Planning Law allows many urban planning actions to be decentralised to local levels, the central level (mainly the Ministry of Construction) retains a large influence, and its agencies and enterprises are often invited to be a planning contractor due to low capacities at local levels. Top-down Planning remains. Although decentralization process has assigned powers to the provincial level, there are no guidelines on how the provincial level can decentralise further to lower levels (city, ward and commune), and this has resulted in a passive attitude of lower local governments in implementing housing and neighbourhood improvement programmes.

²⁸ <http://bnews.vn/doi-moi-trong-nang-cap-phan-loai-do-thi-/67692.html>

²⁹ Cities Alliance: Viet Nam Urbanization Review, 2011

In terms of land provision, Provincial Committee has authority to provide and lease land to organizations, the City/District Provincial Committee to provide and lease land for individuals; and Communal, Ward People's Committee (the lowest administration level) to lease land for public use. In terms of land conversion, the Provincial Committee was given the authority to decide on land conversion of organizations and individual households in downtown urban areas, while City/District People's Committee can decide to land conversions for individual households in the other urban areas.

City roles in housing sector only at small scale: The Provincial PCs are responsible for developing local housing development programmes, establishing city or provincial housing development funds, developing yearly capital plans for housing development, and issuing regulations on selling and renting social housing. They are also responsible for mobilising capital for housing development as well as the development of for state-funded housing projects. The PCs at provincial and district levels are responsible for approving housing projects except those occupying over 200 hectares or having more than 2,500 units, which need to be approved by the prime minister.

Under Decision 67/2009, PPCs are responsible for appraisal of low income housing prices and rents and control the process of low income housing selling and leasing in the locality. Provincial authorities also support investors in low income housing projects with contributions to the interest rates applied to payments and with technical infrastructure (transportation, power supply, water supply) out of the project site.

The roles of civil society and community in urban planning and management: Urban planning is still perceived as mainly government's role, involving neither civil society nor community groups. The activities of nongovernment organizations in Viet Nam are limited compared with those in other countries in Asia and the Pacific; their activities are largely confined to youth unions, women's organizations, and social and professional associations.³⁰

The government has only a few formal channels for consultations with citizen organizations on policy and planning. Grassroots democracy decrees have been put in place, beginning in 1998. The decrees define or give a role to citizens in local decision making, including planning and managing locally funded projects, elaborating village codes, and handling some aspects of sanitation, village security, village boundary changes, development plans, and complaints. But the mode of citizen participation at community level remains unchanged, and the ability to influence the decisions of city and local governments remains limited. This missing involvement of the people in planning processes lead to mistrust of the local population and complicate the relations between the citizens and the city at a later stage, especially in all projects related to land recovery or land liberation.

Access to information, key to citizens exercising citizen voice to hold the state accountable, is still lacking. The country's governance practices have neither encouraged openness and transparency nor promoted public discussion of the state's actions. Information and data are difficult to acquire, even when public officials are required by law to provide them. Limits on the independence of the media constrain its ability in making information available to citizens.

Actual land use plans and urban master plans have yet to be responsive to market needs and require more synchronization with socio-economic planning.

Provincial-level cities and provinces have the responsibility to prepare urban master plans that account for projections of population growth, economic development, and transportation needs, among others, with consultation from private sector and community-based agencies and groups. In practice, urban development occurs on an ad hoc basis as direct response to short-term market dynamics and construction and development activities. Cases of cities growing too quickly and without long term planning are prevalent and can be incentivized by a cities' desire to attract higher funding from central government allocations and foreign investment if the city is elevated in urban status. Expansion of cities' administrative and urban boundaries is often ahead of demand and can bring adverse long-term socio-economic effects.

III. Urban Land delivery system

There are several ministries with responsibilities for land management or development. For example, MoC is primarily responsible for physical planning, housing and real estate markets, urban development and land use planning, while MoNRE leads on land policies and land management and Ministry of Home Affairs (MoHA) is responsible for setting boundaries for urban areas and MoF is responsible for fiscal policies, including land and property-related taxes. The duplication of responsibilities has combined with a lack of

³⁰ ADB- Viet Nam Urban Sector Assessment -2012

coordination to create inefficiencies in land management that are widely recognized but have proved difficult to change.

Urban Land Market and key Players:

An estimated 27,994 hectares of land has been added to the nation's total urban residential land area between 2005 and 2010, an impressive increase of 27.2 percent in five years. In addition, urban land used for construction is forecast to reach 335,000 hectares by the end of 2015 and 450,000 hectares by 2025.³¹ The inability of formal supply to keep pace with demand is forcing up prices to levels that are increasingly unaffordable. As an example, land prices reach up to VND 600 to 800 million/m² in central Hanoi (apx. 60,000 – 80,000 US dollars)³². This adversely affects the urban economy at large and the self-built/informal housing sector that serves the needs of low income groups in particular.

No land policy for Low-income People Housing: *Land use and urban planning efforts have focused largely on peripheral as well as formal housing developments in terms of use, density and income.* Large-scale, unconnected and single function developments at the urban peripheries result in urban sprawl and inefficiencies in cities. These inefficiencies include long distances and travel times between places of residence and places of work or access to other urban amenities, increases in congestion, pollution and the risk of exacerbating social exclusion of the low income.

The lack of land markets also creates distortions in urbanization patterns. Land-use planning decisions by local administrations (and not demand supply conditions or local preferences) determine the reclassified purpose of land use. Moreover, the “seller” or the individual giving up land-use rights, often farmers and low-income communities are unlikely to receive fair compensation: The benefit from the transaction is mostly captured by the local government and by the “buyer,” who often receives the land at prices below what a functioning secondary land market would have produced.

State-driven land acquisitions and compensation levels remain contentious. Complaints on land prices for acquisition were reported as making up to 70 percent of all public complaints to government, based on 2005 data. This could adversely affect tenure security and investment in land and property, especially for the informal housing sector. In practice, the poor and low-income families individually hard to claim their rights. The national land-use plan is prepared by the Ministry of Natural Resources and Environment, while the provincial departments of natural resources and environment prepare detailed provincial land-use plans, which include urban land-use specifications. However, spatial plans prepared by MOC and departments of construction also include specifications on land development. This overlap leads to occasional conflicts between land-use plans and spatial plans. Procedures to approve and adjust provincial land-use plans do not address the need for attracting investment and economic activities, even though about 10,000 hectares of agricultural land are transformed for urban use every year.³³

IV. Housing Finance

Housing finance is still not fully developed in Viet Nam. Some stateowned banks and several commercial retail banks specialize in housing loans to homebuyers. Housing finance products remain largely conventional, with large loan size, long maturity term, market interest rates (14 – 18 percent per annum), and requiring land and/or property as collateral. Formal housing finance is also unavailable for informal housing. Most banks show reluctance to provide housing loans to low-income households because even the cheapest house is not affordable for low- and middle-income households.

The City's Housing Development Fund

The 2 big cities had pilot funds for low-income housing, in Hanoi started in 2001 and in Ho Chi Minh city in 2004. Housing loans are provided from the fund, and borrowers are required to pay a down payment at 30 percent of the value of housing unit and have sufficient stable income to ensure service ability the loan.⁹ The maximum size of a loan is VND 400 million (2010), maturity is 15 years at an annual interest rate of 9 percent, which implies a heavy subsidy. It is difficult to screen for qualifying low income beneficiaries, lending progress had been slow, and an inspection in 2009 showed that the fund has not performed well. Although loans were made at concessionary rates, not many civil servants have participated in the loan programme, due to the unclear eligibility criteria to the loans and the small size of the loans.³⁴

³¹ Ministry of Natural Resources and Environment (2010) Report on Land Statistics, Hanoi: MONRE, quoted in UN-Habitat (2014:81) 'Vietnam Housing Sector Profile' Nairobi

³² World Bank: Viet Nam – Affordable Housing A way Forward, 2015

³³ ADB- 2012

³⁴ UNHABITAT 2014

Following these 2 pilot funds, national government has structured by Decree 90/2006/ND-CP, Local Housing Development Funds were designed to be established at the provincial level and funded through sales of public housing, rental fees, land use fees, and local budget allocation. However, the program have resulted in little uptake, with only 9 LHDFs being established, only 2 of which carried out any major operations, due to limited budget set-aside by local governments³⁵:

Micro Finance for Housing

Housing micro finance (HMF) is a relatively new concept in Viet Nam, and those institutions currently providing true micro finance products for housing are few; like ADB or AFD. The ADB's housing finance program started 2002 targeting 37,000 housing loans; supported only 15,300 loans after more than 10 year operation, June 2013³⁶. Three program components are : (i) mortgage lending to urban low income; (ii) housing microfinance for the urban poor; (iii) establishment of a Mortgage Refinancing Facility (MRF). ADB supported GoV to provide lending capital to participating commercial financial institutions and community based financial institutions. However, this program has not been popular since it only targets urban households with a stable income, the interest was high. And the formal banks refused to participate caused of lending mechanisms unattractive.³⁷ For low income households, accessibility to coventional housing finance systems is problematic and is likely to remain so in Viet Nam. Urban migrants have practically no hope of accessing either of these systems.

People's Credit Funds (PCFs), MFIs and Women's Union networks, and the Vietnam Bank of Social Policy (VBSP) are considered as semi-formal finance schemes providing loans to low-income families. In which, People's Credit Funds are a major player in providing financial services to rural communes and some urban and peri-urban areas. The PCFs are cooperatives that incorporate principles of self-help and mutual support into their lending frameworks. PCFs have VND 2.5 trillion in combined loans outstanding. There are 1200 PCFs, which are active across 10 % of all rural communes. PCFs draw funding from members' deposits (85 percent) and from the Cooperative Bank (15 %) to serve their 1.7 million members, most of whom are low and middle income consumers. Housing finance accounts for approximately 12 % of PCFs' lending activities, with the average loan amount at VND 500 million for home purchase, VND 50 million for home improvement, and loan terms of 3 to 5 years. The Cooperative Bank is the apex bank established to serve the PCF network. However, it also has 27 branche that carry out lending activities where PCFs do not have presence. PCFs are regulated both as cooperatives and as financial institutions.³⁸

The PCF system do have some common features with the community development fund (CDFs), but in reality, the PCF network has mainly served the better-off members of communities through savings and credit activities. The PCF network has been developed as a national finance system across the whole of Vietnam, at central, provincial and local (commune) levels, but its activities have been concentrated in more prosperous rural areas. The PCF network has been "top-down" in its structure, in the manner in which it was established and in the way it has developed. At the commune level, the LCFs have been influenced by local authorities in ways that have limited the funds' self-management minimized community participation. Hence, the PCF programme has not played an important role in reducing poverty in Vietnam nor has it promoted community-driven development activities so far. ³⁹

Housing Cooperatives

The UNHABTAT's Housing Sector Profile desribed shortly about this term and rather general without any additional data . Housing co-operatives have been promoted, but to date only a handful have been formed, and most of these are in HCMC. The "Saving for housing programme" has been implemented under the Viet Nam Co-operative Alliance. Housing co-operatives have been established to raise the savings from their members for housing. Members are to deposit a minimum of VND 100,000 and a maximum of VND 300,000 as maximum per month. An index scoring system on the savings is used and scores determine the order in

³⁵ World bank, Affordable Housing: According to reports from 41 provinces, there were only 9 housing development funds: 1 with independent operating structure (HCMC and Hue); 3 (Dong Nai, Lam Dong and Khanh Hoa) as part of the local development investment fund); 2 relegated housing responsibility to local development investment fund (Dak Lak, Binh Dinh); and 2 with fund established but not yet capitalized (Ca Mau, Ninh Thuan). In addition, 2 provinces (Ba Ria-Vung Tau, Dong Thap) set aside 183 billion VND at an account at the local treasury under the management of the Department of Finance (Report by MOF, mimeo received 8 January 2015).

³⁶ WB, Affordable Housing 2015

³⁷ UNHABITAT 2014

³⁸ WB, Affordable Housing 2015

³⁹ A study on Savings and Credit in Urban Communities and Urban Community Development Funds in 8 Cities in Viet Nam. ACHR Internal Study Paper, 2003

the queue for the right to purchase a house. Priority is given to low income households who can pay the required 30 percent down payment. Partner banks manage the housing loans.

Informal Housing Finance

An unknown proportion – but certainly a large majority – of urban households in Viet Nam rely primarily on personal and family savings to finance housing construction and improvement. In a survey carried out by the VRR500 in 2007 only 20 percent of the respondents said that they wanted to get loans from commercial banks for housing. Most people relied on personal savings (44 percent) and another 35 percent preferred informal loans from relatives or friends to add to the own savings for housing purchase. Respondents said that the procedures for getting loans from commercial banks are too complicated and also that interest rates are too high. Informal housing finance is very popular even with those who have overcome the various legal and bureaucratic obstacles (such as the lack of land titles) to make their housing “bankable”.

VI. Urban infrastructure

Rapid urbanization has created new challenges for many cities in Vietnam, such as the ineffectiveness of land use planning, the inadequacy of urban infrastructure which still does not meet the needs of all people. These issues have negative impacts on people’s quality of life and urban economic outputs. Moreover, Viet Nam is one of the countries that are most vulnerable to climate change and this is worsening the situation and creating new challenges for urbanization.

Given the decline in official development assistance due Viet Nam’s status as a middleincome country, the country and its cities can no longer rely only on donor financing for urban infrastructure services. As a consequence, sources of capital for infrastructure development are being diversified, with an increased focus on the private sector. Authorization by central government for local government to borrow up to 30 per cent of its annual budget for development investment (and 100 per cent in the case of Ho Chi Minh City and Ha Noi) was a step in this direction.

Actors and Service providers : Central and government level actors develop plans for urban infrastructure provision, state owned enterprises and other public sector companies are implementing the projects. Meanwhile communities have shown their possibilities as a project planner and implementer in micro level by reflecting people’s real needs. There are also actors sharing technical knowledge by consulting, training or providing human resource. The Viet Nam Water Supply and Sewerage Association (VWSA) is one such association. However, as will be seen, the most important actors are the public sector state-owned enterprises (SOEs) and their variants at the city and provincial levels. Except for the power sector, it is public utility SOEs that are responsible for the provision, construction, management and operations and maintenance of infrastructure services in urban areas. These companies are under the direct authority of the city and town peoples’ committees, who also control SOE budgets and annual work plans. Annual budgets of SOEs are reviewed by the Departments of Finance and the Departments of Planning and Investment and are approved by the relevant PPC (provincial level).

Perhaps the biggest physical and social challenge relating to urban infrastructure lies in the rapidly growing and increasingly dense peri-urban areas surrounding the major Vietnamese cities, especially around HCMC. The majority of migrants, the poor, and the lower middle classes are locating in great numbers because mobility is good (largely thanks to the motorcycle), employment is available in nearby industrial areas, and also because housing solutions are affordable to all. But the unplanned, informal patterns of development represent infrastructure challenges and call for inventiveness. Until now all infrastructure networks have been provided ad hoc in these areas only after urban development has taken root, and thus designs and capacity considerations must adapt to non-linear patterns and progressive densification. Much must be learnt, since the Vietnamese engineering profession is trained to and oriented towards providing infrastructure for mega-projects on open green field sites where development is one-off. This is the antithesis of suburban and peri-urban development in Viet Nam, where perhaps up to three-quarters of new urban housing units are being created.⁴⁰ At the same time these inefficiencies in city development increase distance and travel time between places of employment, places of habitat and other essential facilities (e.g. health clinics, schools); which create more problems on urban poverty and social segregation.

Community as key actor in slum upgrading and small projects as loans from the CDF in 30 cities

Since very early stage of ACHR network establishment, a first pilot project community –based slum upgrading was implemented in Hiep Thanh community in Ho Chi Minh city in 1990. This project method was replicate rapidly in the 5 secondary cities in Viet Nam (Viet Tri, Hai Duong, Hue, Quy Nhon and Can Tho)

⁴⁰ UNHABITAT, 2014

funded by UNDP in 1997-2000. ACHR together with ENDA-Vietnam began collaborating with the Women's Union in a number of cities to strengthen community savings groups and set up city-level community development funds (CDFs) to link these savings groups and expand their development activities. The CDF network, which started in five cities, had an initial focus on livelihood activities and very small community upgrading projects. Community Participation Started : In all the cities in Vietnam, the ACCA small project funds have gone into the CDF, where they are passed on to different communities, according to needs, as low-interest loans (0.3 - 0.5% monthly), to partly finance their projects to lay drainage lines, pave roads, build community centers or upgrade toilets and water supply systems. Because the money revolves, those small ACCA funds of \$10,000 - \$15,000 per city have been able to finance several rounds of small projects - and continue to do so. Another interesting aspect of the small ACCA projects in Vietnam is the large amount of additional funding they have been able to leverage, from the community members and from the local authorities. In many of the small projects, the ACCA contribution amounts to only 20 - 30% of the total project cost, and that modest budget input has worked like a key to unlock other local resources worth four or five times that amount.

V. Good practices: Some good examples, practices, innovations, programs, cases and community initiatives that show some light and a realistic and possible direction

A. Decree 188's 20 percent land contribution requirement: Decree 188's requirement of land contribution to social housing production and provision of complementary development incentives are among the GoV's first efforts to resolve supply-side housing blockages for urban low income segments. Low enforcement and underdeveloped procedures to manage and effectively utilize land reserves at the local level has resulted in developers' reluctance to abide by stringent guidelines and limited supply of land released for social housing through this initiative. This experience demonstrates the need to introduce new procedures by engaging local governments so that they can have input into policy design early and are prepared to implement.

B. VUUP's Housing Upgrade Component (2004-2014) : Funding for housing microfinance under the Vietnam Urban Upgrading Program (VUUP) helped to expand and deepen MFI sector activities around micro-loans for housing improvement in urban areas. In conjunction with urban upgrading, USD 15 million was provided to MFIs and community networks to provide preferential credit for home improvement to low income households in HCMC, Hai Phong, Can Tho, and Nam Dinh. Lending in this program reached 90,000 households and demonstrated the interest of MFIs to deliver housing microfinance if the right government support is put in place.

C. Community Fund and Community-driven small upgrading in 16 cities (ACCA program 2009-2014) Since 2009, ACVN and a NGO, Environment and Development of Developing Countries (ENDA) Viet Nam, have intensively supported communities' infrastructure upgrading projects in 16 cities⁷ in collaboration with each city's Community Development Fund (CDF) mechanism. The Asian Coalition for Community Action programme (ACCA), which is coordinated by the Asian Coalition for Housing Rights (ACHR), has granted USD 245,000. The very first objective of the projects and supports is to help communities with improving their most needed infrastructure. During the period 2009 to 2012, 83 infrastructure upgrading projects were approved and 68 projects were completed, of which 17 projects included revolving fund mechanisms. The projects included the construction or upgrading of drainage/sewerage (28 projects), roads and alleys (40 projects), toilets (5 projects), street lighting (8 projects), community centres (7 projects), water supply (4 projects) and irrigation for agriculture production (2 projects). Some cities in the initial stage of the CDF started with savings activities to prepare for small project implementation. With the active support, communities turned from waiters to doers. Communities worked collectively to develop their plans, discussed most strategic project issues especially in terms of project costs, regularly saved money, and contributed their labour for the project. This process also built up trust with local governments.

D. ACCA Community-driven Big housing project in 6 cities in Vietnam In Viet Tri; Hai Duong, Vinh, Tan An, Soc Trang, Bac Can. During 2009 – 2014, the ACCA Program has given a big boost to the national community savings and CDF process, helped add many more cities to the network, supported a variety of national meetings and workshops on savings and funds and young professionals. ACCA has also helped the CDF network to begin tackling the more complex and more urgent issues of land and housing. Vietnam faces many of the same problems as other Asian countries of fast urban growth and increasing numbers of urban poor households without secure land or decent housing. The government has many projects and programs in poverty reduction, but they are scattered and loosely coordinated and have not been very effective. The ACCA-supported big housing projects in several cities have demonstrated an alternative slum redevelopment process, in which the residents are the designers and doers in developing healthy, secure new neighborhoods, in collaboration with the local authorities. These are 6 housing projects

have demonstrated alternatively housing solutions, which are very new approaches in Viet Nam. All these City Housing Development Funds (40,000 \$US per city) were provided loans to families through communities. Loan sizes are from 1000 US\$ – 2000 \$US per house; interest rates from 0% to 0.6% per month. Loan terms are from 3 – 5 years.

- In Viet Tri city: 63 households, relocation new site,
- In Hai Duong city: 2 projects (consecutively implemented) 50 hhs, re-blocking and land-sharing.
- In Vinh city: 2 projects (consecutively implemented); 45 hhs, re-construction old collective housing
- In Tan An city: 20 hhs, canal upgrading and land sharing.
- In Soc Trang city: 48hhs, new site relocation.

E. Hai Phong city – a country’s leading city has provided effective solutions supporting the PPP method Public-Private- People to solve the problems for low-income communities, living in the old soviet-style buildings . There are 205 old housing buildings in the Hai Phong city (about 8,000 households). In which 178 buildings are dangerously dilapidated (about 7,000 households living).

Since 2015 City government has decided to invest 15,000 billion VND and used the Build and Transfer (BT) method to solve this housing problem. In which 3,700 billion VND for compensation and moving costs and 11,400 billion VND for new construction of 17 high-rise social buildings. The city provided a temporary houses for the families. The private companies will rebuild the buildings . After reconstruction the families will move back to the new buildings. The sharing cost will be calculated in manners to increase affordability for low-income families. For example, the families will only pay additional cost for the square meters larger than their old flats. For the old renters will also come back. The new renting cost is slightly higher , 100,000 VND/m², while the old one was subsidy only 7,300 VND/m². For those who are very poor, the city will have extra support so that they can continuously stay in the new buildings. In 2017, this housing program has provided about 4,500 new units and solve 60% of the total old buildings in the Hai Phong city. The City government plan to achieve 100% of this housing program in the next 2-3 years (by the year of 2020), while the same program in HCMC and in Ha Noi got stuck at only 2 - 3% since the past 20 years.⁴¹ However, this housing program still lack of bottom-up approach and community participation, many families, therefore, still claim for their rights to become owners instead of continuing to be renters for the new buildings.

The statistic shown Ha Noi has 1,500 old public housing were built over 50 years and severely damaged by poor maintenance over the time. Among which 104 buildings are almost collapsed but the people still living inside. In HCMC there are 533 old public housing buildings were constructed before 1975 (during the war time).⁴²

VI. The way forward : What to do and how to do it to achieve SDG 11, the NUA and “housing for all”?

To achieve SDG11, making cities safe and sustainable means ensuring access to safe and affordable housing, and upgrading slums, informal settlements. In Vietnam the largest share (70-80%) of new housing units are self-built. That suits well the means, life styles and capacity of the people. Ironically, it is this sector that has, until now, been mostly ignored by policy makers. So the housing policies should be reformed toward enabling this informal housing sectors at larger scale. However, given the fact that there are a large number of government institutions, agencies dealing with housing issues in Viet Nam and these exist at multiple levels – national, provincial, city, district even ward and commune level. The policies can be only changed in lower levels: city and district (for the big cities).

- City-wide mapping process: Up to now, there is no information about the informal housing sector, the policy makers need a proper information on existing informal settlements, slum communities, community assessment and mapping process are essential to bring together all stakeholders of informal housing sectors.
- Strengthen city partnership to work with communities toward citywide urban upgrading could promote more inclusive urban development and housing alternatives for low-income people. But decentralization process to lower levels is unclear. So the roles of city, ward and commune are still passive.

Housing Finance:

The main focus is to support development of a set of specialized housing finance products to meet the different needs of low income urban households. It also mean to support their different housing solutions. - Continue to support development of specialized savings, especially community savings and fund as a way to foster community-driven housing process. By which rental migrant groups are included.

⁴¹ <http://bnews.vn/hai-phong-dau-tu-khoang-6-546-ty-dong-thay-the-cac-chung-cu-cu/66224.html>

⁴² <http://vtv.vn/trong-nuoc/tp-hcm-di-doi-khan-cap-cac-ho-dan-song-o-chung-cu-cu-nat-20171113091528685.htm>

- Review and revitalize City Community Development Funds in the 16 ACCA cities to continue strengthen the 3 main activities: community savings, community-driven upgrading and community-driven housing at citywide scale.

Access to Land and basic infrastructures:

- Strengthen the implementation guidance of land sharing decrees (e.g. Decree 188) by using citywide mappings of existing land-use, land vacants and new urban development projects. Support city partnership between communities, academic institutes, city departments to strengthen enforcement city's capacity.
- This process not only increase the access to land and basic infrastructures for the low-income communities but also prepare a coordinating framework, for all land-related functions to improve coordination across involved policies at higher levels: province and national.

The roles of Provinces: Looking back the experiences of ACCA program in 16 cities in Viet Nam.. The lack of understanding and collaborating with the PPCs could result in the City Development Funds (CDFs) and community-driven process felt short. The provinces keep certain powers on local housing development programmes such as establishing city or provincial housing development funds, developing annual capital plans for housing development, and issuing regulations on selling and renting socialhousing, while cities are followers. The PPCs do not involve in the ACVN network.