

Conclusion

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PRO-POOR HOUSING POLICIES REVISITED

Where do we go from here?

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This book contains a collection of thematic state of the art reviews on affordable housing and well-informed accounts of housing policies and practices in Asia, Latin America and Africa. Even though the 17 country case chapters scrutinize housing policies and practices in their specific national and local contexts, overall, three broad thematic fields stand out throughout this book. The first field relates, by definition, to the affordability of housing options for the urban poor. A second common topic is the issue of the sustainability of low-income urban housing. The governance aspects of housing provision, including the role of the various stakeholders involved in the production of low-income housing, represent the third general theme that connects the chapters.

This final chapter discusses the main common findings from the chapters in this book. In doing so, it also aims to draw lessons which may be of use for policymakers and housing professionals whose ambition is to arrive at affordable and sustainable solutions for the urban housing question in the Global South.

The first section below provides background information on the different trajectories of urbanization in the Latin American, Asian and African macro-regions. Next follows a discussion based upon the key messages that emerge from the chapters in this book. The final section of this chapter concludes by presenting suggestions for the housing research and policy agendas.

Different regions, different backgrounds

This book focuses on low-income urban housing policies and practices in Asia, Africa and Latin America. After the thematic perspectives presented in Part I, the following three parts focus on the housing experiences in each of the three macro-regions. The rationale for such organization of the book is that various relevant and distinct characteristics make such geographical clustering of chapters meaningful. Most importantly, the majority of the countries in each of the macro-regions are in relatively similar stages of their urban transition. Together with remarkable differences in their economic development trajectories, the distinct urbanization processes occurring in the countries also have a varied imprint on related issues of urban

housing, sustainability and local governance. Starting with a concise account of relevant urban practices in the most urbanized region (Latin America), this section then draws a comparison with current experiences in Asia and Africa.

Latin America is by far the most urbanized region of the Global South. Current urbanization levels in Africa and Asia still compare relatively poorly with those of Latin America, although currently the respective *rates* of urbanization in Africa and Asia are much higher than in Latin America. An important consequence of the long-standing urbanization track record of Latin America is the early expansion of informally built settlements in all major cities across the region. Another distinguishing reality is the tradition of urban social movements in Latin American cities. Urban grassroots organizations boast a long-standing history of demand-making, advocacy and lobbying, by actively pressuring state institutions for security of housing tenure and improved public services in informal settlements, and thus of claiming their 'right to the city'. In the 1950s and 1960s, the state's classic answer to the massive and illegal land invasions across the region was still eviction, often combined with relocation to places outside the city. However, since the 1970s the various city administrations in Latin American countries have gradually come to realize that self-build construction in informal settlements is a solution to the massive housing demand of the urban poor – something the state cannot possibly offer. This is not to say that the eviction of settlers from illegal settlements has been totally abandoned – for example, as witnessed by the *favela* demolitions in Rio de Janeiro in anticipation of the mega-events of the 2014 FIFA World Cup and the Olympic Games in 2016. But such evictions are now the exception rather than the rule in Latin America.

A pioneering role played by the city governments throughout the region relates to their often sophisticated urban planning mechanisms. This holds true in particular to the megacities and the metropolitan areas of the region. However, in secondary and rural towns there is still a blatant lack of management capacity. Nonetheless, in many cities – including the smaller ones – some form of participatory budgeting has already become an institutionalized phenomenon. Starting from Brazil and Bolivia with some interesting experiences in participatory planning and budgeting in the 1990s, today in most of the Latin American countries such participatory mechanisms have been put in place, either in a formal or an informal way. Thus, many urban neighbourhood residents – including those living in informal settlements – have the opportunity to voice their demands for decent housing and serviced neighbourhoods. The traditionally high levels of organization and mobilization of citizens across the Latin American region, often also resulting in a considerable capacity of neighbourhood-based associations to exert pressure on their local authorities, may offer an important explanation for relatively speedy and effective processes of self-help dwelling consolidation and neighbourhood improvement.

In Asia and Africa, the process of massive urbanization mostly started once the decolonization process was completed. Various Asian countries – especially the so-called newly industrializing countries – maintained consistently high levels of economic growth paired with high urbanization rates. China is the most prominent example in this respect, with a housing delivery system that is not available – nor immediately replicable – in other countries of the region. However, in many other Asian countries, industrial and urban development lagged behind. In Africa, and more particularly in the countries of sub-Saharan Africa, urbanization levels are still relatively low but urbanization rates projected for the next decades are among the world's highest. However, today's urban growth in sub-Saharan Africa occurs in

an environment which, by and large, is characterized by an absence of substantial industrial development in these rapidly expanding cities.

Although the Latin American urbanization experience includes pioneering approaches with respect to urban planning and urban governance, including participatory practices and the overall attitude of considering the existence of informal settlements as *faits accomplis*, these and other positive experiences are not necessarily being replicated in Asia or Africa. Most alarmingly, slum eradication by the state is quite common across both continents. Instead of evictions being an undesired remnant from the past, it seems that for some local governments (e.g. in South Africa and India) slum removal has become a renewed target which neatly fits within their concept of 'slum-free cities'.

Against this background of regional varieties of urbanization and economic development, we will now discuss some of the key messages that emerge from the chapters in this book.

Discussion

First of all, it has become clear from most chapters that informal settlements have mushroomed in most countries and that this phenomenon will undoubtedly continue to exist for some time to come. Actually, self-managed housing by incremental construction seems to be the most universal process that is practised worldwide by urban low-income citizens. Affordability is the keyword to explain this phenomenon. In most cases, self-build housing is the only way to secure a home that is affordable for the lower income groups, the so-called 'incremental affordability' (see Chapter 1). Even when the residual income approach is used,¹ which is far better than the housing expenditure-to-income ratio, in general, public housing programmes are mainly delivering dwellings that are too expensive for the urban poor.

A key factor for self-help housing is access to land and security of tenure, no matter whether that means *de jure* or *de facto* security. Considerable experience has already been gained in practice with housing programmes and projects that aim to foster the self-build activities of the urban poor. Preconditions for assisted self-help housing projects include the availability of sufficient financial resources and a competent municipal apparatus in charge of urban planning, land use and land allocation. However, for the success of assisted self-help projects, the involvement of the civil sector is no less important than the role of (local) governments. Many successful cases of assisted self-help schemes are based on the principle of community participation. We will get back to such cases below once we arrive at the governance aspects of housing provision.

In comparison to our first statement, our second observation perhaps appears to be somewhat paradoxical: notwithstanding the huge housing deficits for the urban poor, some countries which throughout the years have boasted massive public housing provision programmes (e.g. Mexico and Egypt) also present considerable housing vacancies. Is it possible that there is an overproduction of housing in these countries? It is tempting indeed to speculate about the reasons for high vacancy rates in countries with housing deficits. As mentioned above, conventional public housing often is unaffordable for the poorest citizens. Housing vacancies thus mainly refer to turn-key homes, constructed by private construction firms but in the framework of state-regulated housing programmes. More often than not, such housing projects are realized at considerable distances from the built-up cities, which makes it difficult and expensive for prospective residents to get to their jobs, to do their shopping or to pay social visits to their family and friends in town. Sometimes a severe lack of infrastructure and

connection with the urban areas are additional factors that make such housing an unsatisfactory solution, even for middle-income groups. On top of being unaffordable to the majority of the urban population, such housing programmes are also particularly unsustainable, since they may become drivers of urban sprawl and add to the carbon footprint by occupying rural land that is more suitable for agricultural production.

Our third observation regards housing finance for lower income groups. In the Latin American case studies, during the past decade an interesting new model of housing finance was highlighted. The so-called *Ahorro-Bono-Crédito* (ABC) model originated in Chile and then was adjusted to local realities and adopted in the housing policies of many other Latin American countries. The constituent parts of the ABC model are the households' savings (*ahorro*) which are necessary to make a down payment; a subsidy (*bono*) provided by the housing agency; and a credit (*crédito*) from a bank or other private financial institution that can be used to finance outstanding debts for housing. The interesting fact is that, in theory, such a model of 'mixed' finance packages can be applied flexibly both to acquire ready-made homes provided by private or public parties and to finance *in situ* expansion or improvement of owner-occupied houses in existing neighbourhoods. However, the Latin American case studies also show that while middle-income groups do indeed tend to benefit from the combined subsidy-credit schemes, many ABC schemes are still beyond the reach of the lowest income groups.

A fourth message follows from our preceding observations. Many housing policy packages – including the ABC schemes – have a dual intention of creating a country of homeowners while at the same time stimulating national economic production. The focus then is on fostering private sector activities, particularly in the construction and financial sectors. Through house construction programmes, the state can indeed give a boost to the economy. But the impact this has on lower-income households is questionable. A somewhat gloomy conclusion then is that cities will continue to grow through the expansion of new informal settlements, based on the self-help and self-finance performance of the poor. On the other hand, many urban residents live in rental housing. So far, such rental housing opportunities are mainly provided by private actors, such as real estate agents and petty landlords. The possibilities for the involvement of institutional rental housing actors, in order to produce rental dwellings for special social target groups in cities, are evident. Thus, when rethinking state housing policies, the inclusion of rental housing as an affordable solution to accommodate the poor should be seriously considered.

Fifth, the Asian country chapters especially presented some quite promising examples of innovative approaches to tackle the urban housing question. That Asian evidence is encouraging indeed, as it shows a variety of ways for new forms of governance which are based on direct stakeholder involvement. The motto for these new approaches is 'community-driven development', which implies (though not exclusively) community organization and improvement of dwellings and services in existing informal neighbourhoods. This community participation in Asia did not originate from grassroots initiatives exactly, which rather contrasts with the Latin American experience. Actually, many community contracting partnership arrangements were strongly guided by national governments and other (international) agencies. In the past decade, the Asian Development Bank has become one of the most prominent champions of community contracting. There is a remarkable parallel in this respect with other current stakeholder approaches. The housing cooperatives that have gained importance in Asia since the 1990s also originated as mainly state-driven entities; in comparison, African cooperatives were mainly stimulated by non-governmental organizations (NGOs) while those in Latin

America originated from urban social movements. Other promising and effective examples of stakeholder approaches include the experiences of collective negotiation by local communities with the state and with private sector parties (e.g. contractors). The organization, mobilization and empowerment of these communities are often supported by NGOs – most prominently Slum/Shack Dwellers International – which also adds to their capacity to negotiate with local authorities. Together with other stakeholder approach experiences – such as those based on public–private partnerships – new forms of governance have definitely contributed to the implementation of pro-poor housing policies.

The sixth key message from the preceding chapters is that blueprint solutions or blanket approaches to solve the urban housing crisis are unsustainable. If something has become clear throughout the book, it is that uniform solutions do not exist for such a complicated challenge as providing adequate shelter to everyone. National and municipal housing policies should allow for maximum degrees of flexibility and diversity. Projects should be tailored to the needs and possibilities of diverse categories of urban poor. They should differentiate according to, among others, earning capacity and solvency, and tenure status. In addition, such projects should take into account relevant socio-cultural characteristics such as gender. Tenure security, affordability and location are key ingredients of pro-poor housing policies. Broadening the scope of self-build support programmes which target a diversity of low-income residents can make the difference to the urban poor. However, such a diversified approach presupposes, among other things, that adequate tools for urban planning and land management are in place. In this respect, the role of local governments is of vital importance for the design and implementation of a range of self-build housing ‘packages’. The recent processes of public reform and administrative decentralization in most countries of the Global South have resulted in many new responsibilities and challenges for local governments. Especially at the level of the small towns and intermediate cities – where most of the current and projected urban growth takes place – governments’ most immediate challenges are related to their lacking competences. Local government capacity development – including the development of skills to implement targeted housing projects – should therefore be prioritized by national governments.

Our final point concerns the issue of the sustainability of future urbanization and housing strategies. Worldwide, the phenomenon of urban sprawl is rapidly reaching its limits and it should be reversed for the sake of sustainable urban futures in which the themes of ecology, energy, technology, economy, social issues and relevant policies are taken into account. Most typically, the occupation of new land on the peripheries of cities by the poor is the standard procedure to start up incremental, self-build housing. Without proper assistance, it will remain very unlikely that the self-builder will be able to use techniques and building materials which permit sustainable housing. In addition, the incremental housing experience demonstrates that it takes a long time to reach higher construction densities, with considerable vertical expansion of the buildings. Thus the intensification of urban land use will hardly be possible without the development of high-rise housing solutions. Even though such solutions would be affordable to the middle and higher income groups, most land developers and construction companies which cater for these groups also develop such private housing projects in essentially peri-urban areas; their product is mainly (semi-)detached housing and row-housing. Many state-promoted housing projects have similar characteristics, although we have also seen cases where stacked homes and high-rise housing projects are becoming more common. From the viewpoint of the low-income housing market, we see that diverse solutions have been

presented in many of the chapters. This diversity might lead to a better equilibrium between efficiency and resilience of the housing market and, as a consequence, its sustainability.

Research directions

What do the various key messages from the book imply for the research agenda? In this final section, we present the following recommendations for further research.

First of all, it should be recognized that the frequently used concepts of affordability and sustainability should be linked in such a way as to lead to synergy. Therefore attention should be paid to how synergetic relations between different sustainability areas are created and maintained. In this way, urban housing production and provision could be improved tremendously. There is an urgent need to unpack both concepts and even to distinguish between different kinds of affordability and sustainability. While we have started this exercise in the first chapter of the book, it is beyond doubt that a much more profound elaboration is needed.

A second field for future research relates to the governance of housing supply for the urban poor. This is a sizable research theme indeed. On one hand, such research should focus on the role of national and local governments. As a result of recent decentralization laws, local governments in many countries have become the principal actors with respect to housing provision. Good local governance and effective urban management are vital ingredients for sustainable urban planning, including the provision of (land for) housing and public services. City administrations need effective information and monitoring systems, population and land registry systems, and tax collection systems, to name but a few. These are distinct themes for future empirical studies. What can be learned from good practices? And what are the possibilities for replication?

On the other hand, more in-depth empirical research is desirable with respect to innovative practices of stakeholder arrangements. It is important to analyse and document the successes and weaknesses of both civil sector and private sector initiatives in the fields of housing provision and settlement upgrading in order to assess whether and how such initiatives can be replicated and upscaled nationally and internationally. How effective are such stakeholder arrangements for solving the housing deficit? How successful are they in terms of settlement upgrading? Do they effectively contribute to the empowerment of the urban poor? How do these initiatives cope with the danger of (political) patronage and encapsulation? These are some of the questions that are of particular relevance for empirical research on neighbourhood based initiatives. Similar research is due for innovative models of low-income housing (micro) finance. For example, how can finance models for housing be tailored better to the needs of the very poor? Can such models be replicated elsewhere? What adaptations are necessary for such replication? In sum, and in more general terms, our suggestion is to investigate successful approaches to low-income housing provision and settlement upgrading in order to assess whether and how such experiences can be introduced or adjusted in other contexts to also serve the poorest segments of society.

Another issue concerns incremental building, which should be redefined. Turnerian incremental building (e.g. Turner 1976) requires relatively large plots which enable mainly horizontal extensions, but this entails a diverse number of consequences concerning *inter alia* energy, food prices and urban land scarcity. While rising energy and food prices, and urban land scarcity conflict with the Turnerian incremental building approach, new solutions can be developed by studying the daily practices in an informal vertical community such as in Torre

David (Tower David) in Caracas, Venezuela (Brillembourg and Klumpner 2013). Or perhaps we should consider empty offices, storehouses and industrial enclaves that could house communities where an incremental approach could occur inside of a larger complex. This may offer possibilities for a roofed settlement instead of separate roofed shelter.

A final recommendation for research is meant to gain a better understanding of the functioning of urban housing markets. One aspect that merits further attention is the issue of housing vacancy. While there is only circumstantial evidence for why massive housing vacancies exist, it is very relevant that more specific research is done, if only because it is needed to devise well-informed housing policies. Another distinct theme for housing market research relates to the issue of rental housing. So far, the majority of rental housing is provided by (petty) landlords who often live in their own, self-built houses. Most studies on informal housing focus on those owner-occupiers, whereas the tenants often remain beyond the scope of housing research. Related to this research suggestion, there is an additional important theme for policy-related research. In this sense, it is pertinent to assess the possibilities and potential of institutional rental housing provision. If affordable rental housing is made available to the urban poor through public housing programmes, it may be assumed that many will opt for that possibility – if only because they have no access to land. Yet, rental housing provision, as a policy tool to accommodate the urban poor that is complementary to other housing instruments, is only rarely part of public housing policy. In line with our earlier claims to devise diversified and targeted housing policies, such research is particularly relevant.

Notes

- 1 The residual income approach looks at the amount of finance that can be allocated for housing once non-housing needs are paid for. Policies based on this approach help the poor to meet their basic non-housing needs first.

References

- Brillembourg, A. and Klumpner, H. (2013) *Torre David: Informal Vertical Communities*. Zurich: Lars Müller.
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