# A RIGHT TO A DECENT HOME

## MAPPING POVERTY HOUSING IN THE ASIA-PACIFIC REGION

By Jennifer Duncan

**Habitat for Humanity®**

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Duncan recently concluded reports for Habitat for Humanity International on inadequate housing in Latin America and the Caribbean, and in Europe and Central Asia.

# Executive Summary

*A* **Right To A Decent Home: Mapping Poverty Housing In The Asia-Pacific Region** provides an overview of housing conditions for people internationally recognized as living in poverty and discusses the need for improvements. The report examines the primary effects and causes of substandard housing, and efforts to improve housing conditions.

**Chapter I** poses the principal questions underlying the report, underscores the important and growing role of community-led shelter development for the poor in the Asia-Pacific region, and offers a definition of inadequate housing.

**Chapter II** discusses housing conditions for the region's poor. The focus is on urbanization and population growth trends, and the effects that these trends have on moving housing demand to the cities. The chapter discusses shelter conditions in four settings: slums and squatter settlements; illegal subdivisions; the rental sector; and rural areas. It also highlights the critical role of secure tenure rights for low-income people.

**Chapter III** summarizes the effects of inadequate housing on social participation, civil unrest, health and household economic well-being.

**Chapter IV** looks at the causes of inadequate housing and groups the causes into three sections: socio-economic, political and environmental factors; the housing policy environment; and housing market conditions.

- The first section – socio-economic, political and environmental factors – discusses poverty and economic development; discrimination against women and minorities; war and violence; and disasters.
- The second section traces the development of housing policy in the Asia-Pacific region and examines current policy regimes and five challenges facing policy makers: decentralization; corruption; construction and zoning regulations; rental sector policies; and eviction policies.
- The third section – housing market conditions – reviews land and financing markets, and how they link to housing market outcomes for the poor.

**Chapter V** outlines current efforts to confront inadequate housing in the Asia-Pacific region. Organizations involved in improving housing conditions include local community groups and a multitude of non-governmental organizations operating at local, national, regional and international levels, as well as multilateral development organizations. This chapter highlights the growth of community-led shelter development in the Asia-Pacific region, which is perhaps the most important trend discussed in this report.

**Chapter VI** considers the conclusions and trends in poverty housing.

An **Appendix** presents information on housing conditions in eight countries within the region: Bangladesh, China, Fiji, India, Indonesia, the Philippines, Sri Lanka and Thailand.

# CHAPTER I: INTRODUCTION





## KEY FACTS

- *Some 554 million people in the Asia-Pacific region currently live in slums and informal housing communities in urban areas.*
- *Asia-Pacific accounts for 60 per cent of the slum dwellers in the world.*
- *By 2030, an additional 1.3 billion people are expected to move to urban areas, the majority of whom will be poor.*
- *In urban areas, 500 million people currently lack access to improved water; 600 million lack access to basic sanitation.*
- *In rural areas, more than 750 million people lack access to water; over 1.6 billion lack access to basic sanitation.*
- *The UN Millennium Development Goals target improving the lives of 100 million slum dwellers by 2020.*
- *UN agencies offer definitions of adequate housing, overcrowding, poverty, slums, squatter settlements and urban areas.*

Housing is a catalyst for poverty alleviation that cuts across almost every other indicator for human development (see, e.g., UN-Habitat 2006: 102-142; and Habitat for Humanity International 2004). Decent housing prevents injury, disease and death, provides socio-political stability, and increases household and national income. In spite of fundamental transformations in the economies and living standards of many parts of the Asia-Pacific region in recent decades, there is an urgent need to improve housing conditions for huge numbers of people.

The Asia-Pacific region contains the majority of the world's slum and squatter settlements and the majority of people who lack adequate water, sanitation and drainage (ACHR 2005: 7). Asia accounted for 60 per cent of the world's slum population in 2001, a percentage that translates into an estimated 554 million slum dwellers (UN-Habitat, Habitat Debate, 2005: 2). Most of the urban growth in the world over the next 25 years will take place in East and South Asia. According to projections, 2.65 billion people will live in urban Asia by 2030 (UN-

Habitat 2005: xxxiii). In much of the Asia-Pacific region, urban population growth has become tantamount to the growth of slums (Davis 2006: 17-19).

In setting Millennium Development Goals for poverty alleviation by the year 2015, the United Nations established a specific target for slum alleviation. Target 11 of Millennium Development Goal No. 7 (the "slums" target), calls for the global community "to achieve a significant improvement in the lives of at least 100 million slum dwellers by 2020."[1] An important related target, also contained in Goal No. 7, is to "reduce by half the proportion of people without sustainable access to safe drinking water." Arguably there are housing implications and impacts in achieving all eight goals.

The key to meeting the targets will not be a renewed international focus on the issue. Rather progress will come from how effectively local households, communities and non-governmental organizations (NGOs) leverage resources. Families and communities across the Asia-Pacific region are organizing, saving, and leveraging

**UN Millennium Development Goals[2]**

| | |
|---|---|
| 1 | Eradicate extreme poverty and hunger |
| 2 | Achieve universal primary education |
| 3 | Promote gender equality and empower women |
| 4 | Reduce child mortality |
| 5 | Improve maternal health |
| 6 | Combat HIV/AIDS, malaria and other diseases |
| 7 | Ensure environmental sustainability |
| 8 | Develop a global partnership for development |

funding to build – often incrementally as they have the money – better shelter. As they organize, communities are also more able to demand support from local authorities in tasks such as providing trunk infrastructure for utilities, including power, water and sanitation, and have proved willing to fund and provide their own intra-community

piping, wiring and utility connections.

It is in this mobilization that hope lies. Much of what is broken about housing conditions in the Asia-Pacific region is a reflection of what is broken in political, social and economic processes that exclude large segments of the population from decision-making. As communities organize to improve their shelter conditions, they reach higher levels of engagement with traditional decision-makers, creating new levels of social and political integration through which real, lasting change can take hold.

Some of the most persistent questions related to housing provision for the poor in the Asia-Pacific region include:

- **Urban vs. rural split** Should housing resources go strictly to urban areas given massive urban migration trends? If so, what are the implications for rural areas, where poverty in the Asia-Pacific region is worst?
- **Urban issues.** What policies are needed to

**ADEQUATE HOUSING RIGHTS**.[3] The right to adequate housing is considered a core human right. Housing rights were first universally codified in the Universal Declaration of Human Rights adopted and proclaimed by the UN General Assembly in 1948. Article 25 of the Declaration states,

> "Everyone has the right to a standard living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."

The 1976 International Covenant on Economic, Social and Cultural Rights, which is now binding on more than 149 countries, includes the most legally significant universal codification provision of the right to adequate housing. Its article 11(1) is:

> "The State parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and for his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The States Parties will take appropriate steps to ensure the realization of this right, recognizing to this effect the essential importance of international co-operation based on free consent."

**ADEQUATE HOUSING.** The most widely accepted definition of adequate housing is set forth in General Comment 4 to Article 11(1) of the International Covenant of Economic, Social and Cultural Rights.[4] This definition requires, at a minimum, "tenure security, affordability, adequacy, accessibility, proximity to services, availability of infrastructure, and cultural adequacy." (UN Special Rapporteur on Adequate Housing 2005: par. 11, citing to General Comment No. 4 on the Right to Adequate Housing, adopted by the UN Committee on Economic, Social and Cultural Rights in 2001.) Many countries have incorporated the provisions of General Comment No. 4 into their national constitutions and written laws.[5] Each country, however, has its own understanding and definition of adequate housing, which may also vary within national boundaries.[6]

**OVERCROWDING.** UN-Habitat defines overcrowding as more than three persons per room, although locally accepted standards for sufficient living area vary greatly (UN-Habitat 2006: 69). The Sphere Project, which gives minimum standards in disaster response, provides an alternative definition of sufficient living area based on a minimum of 3.5 sq. m. of shelter space per person (Sphere Project: ch. 4, p. 219). This report incorporates both definitions in a working understanding of "overcrowding."

keep pace with expected urban population growth over the next two decades?

- **Financing.** Would improved access to housing finance – both formal and informal – help the 40-70 per cent of households in the region that are too poor to purchase the least expensive formal housing option? What housing finance mechanisms best reach the moderately poor? The extremely poor?

- **Housing policy choices.** What policy choices best meet the housing needs of the poor? What policy changes are needed to encourage efficient housing markets? What measures outside of market enhancement may be required?

- **Adequacy vs. affordability.** What are the trade-offs between housing adequacy and affordability in the region?

- **Renters**. How can the needs of housing tenants, often representing the poorest, be addressed?

- **Access to land.** What are the best ways to provide equitable access to land? How can squatter settlements gain formal ownership?

- **Dividing responsibility.** How can the public, private, NGO and community sectors best collaborate to respond to the shelter needs of the poor?

- **Long-term solutions.** What are the long-term solutions to inadequate housing in the Asia-Pacific region? How can housing resources spent today contribute to long-term solutions involving the empowerment of poor communities and their social, economic and political integration into cities and rural areas?

Definitive answers to these questions are beyond the scope of this report. However, it does identify some of the major issues and trends that will be important to decision-makers, NGOs and communities as they seek their own answers.

## *More Basic Definitions*

**POVERTY.** The international community distinguishes between three levels of poverty: extreme (or absolute) poverty;moderate poverty; and relative poverty.[7]

- **Extreme poverty** means that households cannot meet basic survival needs. They cannot afford food, healthcare, safe drinking water and sanitation, education for their children and, sometimes, basic shelter and clothing. The World Bank uses the income of US$1 or less per person per day, at purchasing power parity, to define those in extreme poverty.
- **Moderate poverty** means that households just barely meet their basic needs. The World Bank uses the income of US$1 to U$2 per person per day to define this group.
- **Relative poverty** is generally defined as an "income level below a given proportion of average national income." (Sachs 2005: 20.) In high-income countries, the relatively poor lack access to quality healthcare, education, recreation and entertainment.

**SLUMS.** A slum household, as defined by UN-Habitat,[8] is a group of individuals living under the same roof in an urban area which lacks one or more of the following five conditions:

- **Durable housing:** non-hazardous location, structure that protects inhabitants from climatic conditions;
- **Sufficient living area:** maximum three people per room;
- **Access to improved water:** sufficient amount of water for family use at an affordable price, available to household members without extreme effort;
- **Access to sanitation:** private toilet or public toilet shared with reasonable number of people; and
- **Secure tenure:** right to effective protection against forced evictions; UN-Habitat 2006: 19.

**SQUATTER SETTLEMENTS.** Squatter settlements are those where households lack legal tenure to their house and/or household plot (Srinivas: 2-3). Squatter settlements are therefore a subset of slums, but not all slums are squatter settlements because in some slums people hold legal title.[9]

**URBAN.** This report uses the UN definition for "urban agglomeration," which is: "The built-up or densely populated area containing the city proper, suburbs and continuously settled commuter areas. It may be smaller or larger than a metropolitan area: it may also comprise the city proper and its suburban fringe or thickly settled adjoining territory." (UN-Habitat 2006: 5.)

# END NOTES

1   According to the Millennium Development Goal Task Force assigned to Target 11, the target should be read as: "By 2020, improving substantially the lives of at least 100 million slum dwellers, while providing adequate alternatives to new slum formation." (UN-Habitat 2005: xxviii.)

2   The Millennium Development Goals (MDGs) are eight global development goals to be achieved by 2015 (with few exceptions, such as the 2020 slums target). The MDGs are based on the actions and targets contained in the Millennium Declaration, adopted by 189 nations and signed by 147 heads of state and governments at the UN Millennium Summit in September 2000. For more information see www.undp.org/mdg/basics.shtml.

3   See www.cohre.org for a comprehensive discussion of housing rights.

4   This document can be found at www.unhchr.ch/tbs/doc.nsf/(symbol)/CESCR+General+comment+4.En?Open Document.

5   www.cohre.org.

6   The wide variety of local definitions reflects the subjective nature of adequate housing. Housing adequacy relates closely to affordability: as standards for adequacy increase, affordability often decreases, limiting options for the poor (see Angel 2000: 232).

7   Sachs 2005: 20; see also World Bank Poverty Net, "Measuring Poverty" at http://web.worldbank.org.

8   An alternative definition states, "A slum is a contiguous settlement where inhabitants are characterized as having inadequate housing and basic services. A slum is not recognized and addressed by the public authorities as an integral or equal part of the city" (UN-Habitat 2003a:10).

9   In the literature, "slum" often denotes a physical and social state of deterioration, while "squatter settlement" refers to legal status (Srinivas: 4). However, the two words are often used interchangeably.

# CHAPTER II: HOUSING CONDITIONS FOR THE POOR

**KEY FACTS**

- 2.2 billion people live in Asia's rural areas. Over 750 million lack access to safe drinking water, and over 1.6 billion lack access to improved sanitation.
- The majority of poor people in urban areas in the region live in housing they build themselves, incrementally.
- One-third of the people in urban Asia rent housing.
- Slums in the Asia-Pacific region are characterized by temporary, substandard housing materials, hazardous location, overcrowding, lack of access to clean water and improved sanitation, and a high risk of eviction.
- Two key trends in providing water and sanitation services to the poor are privatization and component-sharing models.

## A. DEMAND FOR LOW-INCOME HOUSING: THE ROLE OF URBANIZATION

### 1. Overview

Two facts define the need for housing in the Asia-Pacific region: soaring migration to urban slums and a severe lack of basic, adequate shelter in rural areas. In both urban and rural areas, housing markets and government interventions are failing to meet the needs of the poor. This section first addresses urban housing conditions, then discusses rural housing conditions and the need to balance housing resources between the two.

### The Housing Deficit[1]

- In 2005, 581 million people lived in slums in Asia (UN-Habitat 2006: 12). This accounts for more than one-third of all urban residents in Asia (see UN-Habitat 2005: 189-91), and 60 per cent of the world's slum residents (Ibid).
- In urban areas, over 500 million people lack access to improved water; 600 million lack access to improved sanitation.
- Of the 2.2 billion people in rural areas, over 750 million lack access to water and over 1.6 billion lack access to basic sanitation.[2]

### 2. Urban housing conditions

Urban population growth is the most important factor shaping low-income housing demand in the region. Urbanization, stated UN-Habitat in 2006, is "virtually synonymous" with slum growth in much of the world (UN-Habitat 2006: 11). The total urban population in Asia-Pacific is projected to increase from approximately 1.4 billion in 2000 to about 2.7 billion in 2030 (Leadership for Environment and Development (LEAD)-India: 1).[3] Urban centers in many countries with large populations, such as China, India, Bangladesh, Pakistan, Indonesia, the Philippines and Vietnam, act as economic magnets (UN-Habitat 2005: 4). But the growth is expected in "second-tier" cities and smaller urban areas where "there is little or no planning to accommodate these people or provide them with services." (Davis 2006: 7, citing to UN-Habitat, The Challenge of Slums: Global Report on Human Settlements 2003: 3).

Estimates for changes in rates of urbanization for 2000–2010 are significantly higher than those for 2020–2030. This suggests that rates are currently at or close to a peak, and, second, that the bulk of urbanization in the Asia-Pacific region will happen over a very short period.

The main drivers to urbanization are migration from rural areas, natural growth in populations and the expansion of urban boundaries as cities incorporate nearby farm and residential lands (see, e.g., Singha 2001:1). The combined effect of these factors is that many Asian cities are doubling in size every 15-20 years (UN-Habitat, CityMayors Society, undated, post 2002, Changes in Asia's Fast Growing Cities Are Closely Watched).

Although the total number of slum residents has generally increased, so has the urban population — so the proportion of slum residents generally remains static.

Populations in major urban areas in developing Pacific Island countries also are growing faster than national populations, due to rapid migration from rural areas. By 2025, more than 50 per cent of the people in most Pacific Island countries will live in urban areas (UNESCAP 2004: 2). This could lead to wide-scale economic growth and poverty alleviation, but also leaves many without basic services such as water, sanitation, waste disposal, housing, schools, and health facilities, and aggravates conditions in informal and squatter settlements (UNESCAP 2003, 7; and UNESCAP 2004). For example in Suva, Fiji Islands, 25 per cent of the households live in densely populated,

**Where people lived in 2000 and where they will live in 2030, in millions[4]**



Urban ■ Rural
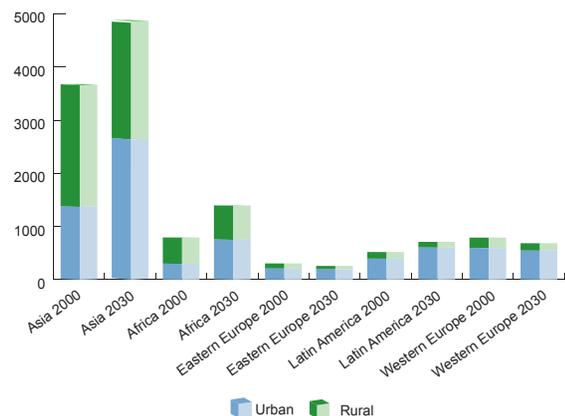
**Projected growth of slums 1990-2020, in millions[6]**



■ East Asia   ■ South Asia   ■ Southeast Asia   ■ West Asia
■ Oceania   ■ Rest of the world
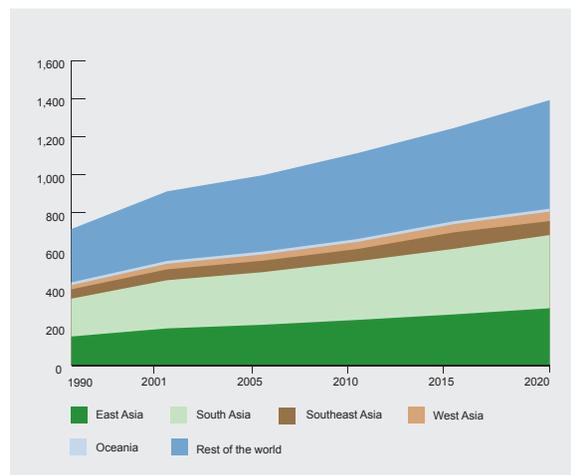
low-cost settlements and the most intensive poverty nationwide is now found in urban areas (So 2005: 13).

A further way to illustrate the need for improved housing in the Asia-Pacific region is by looking at the cost of providing needed upgrades and new construction. In its 2005 report on financing urban shelter, UN-Habitat estimated that upgrading slums in the region between 2005 and 2020[7] could be as high as US$643 per capita. The total cost for upgrading (excluding Western Asia) could be US$35.2 billion.

The investment needed to develop alternatives to slum formation for future low-income urban residents in the Asia-Pacific region is estimated to be as high as US$829 per capita. The total estimate for providing alternatives is US$120.17 billion (see Chapter IV).

**Tracking the growth of urbanization 2000-2030[5]**



■ 2000 (%)   ■ 2030 (%)
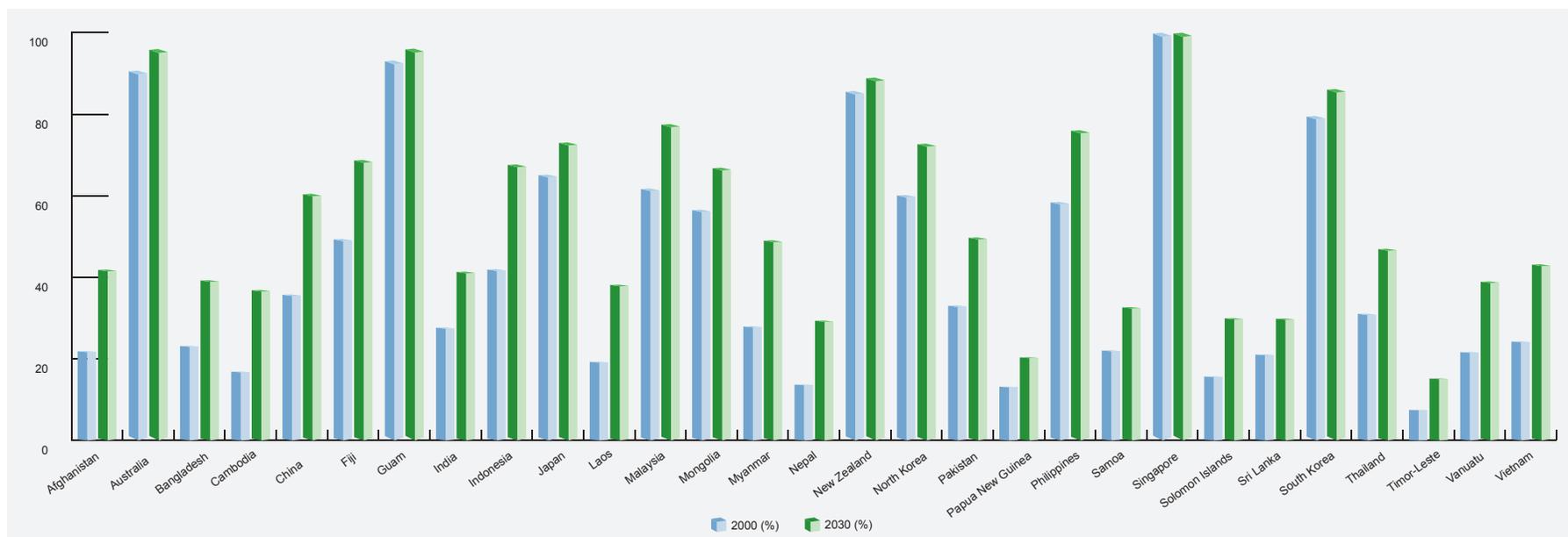
## Megacities And Metacities: Projectons For 2015[8]

| | City | Population (millions) |
|---|---|---|
| 1 | Tokyo | 27.2 |
| 2 | Dhaka | 22.8 |
| 3 | Mumbai | 22.6 |
| 4 | Sao Paulo | 21.2 |
| 5 | Delhi | 20.9 |
| 6 | Mexico City | 20.4 |
| 7 | New York | 17.9 |
| 8 | Jakarta | 17.3 |
| 9 | Kolkata | 16.7 |
| 10 | Karachi | 16.2 |
| 11 | Lagos | 16.0 |
| 12 | Los Angeles | 14.5 |
| 13 | Shanghai | 13.6 |
| 14 | Buenos Aires | 13.2 |
| 15 | Metro Manila | 12.6 |
| 16 | Beijing | 11.7 |
| 17 | Rio de Janeiro | 11.5 |
| 18 | Cairo | 11.5 |
| 19 | Istanbul | 11.4 |
| 20 | Osaka | 11.0 |
| 21 | Tianjin | 10.3 |

"Megacities" is a term the United Nations uses to designate an urban agglomeration with a population of 10 million or more; "metacities" have populations of 20 million or more (UN-Habitat 2006: 6-7). Asia is predicted to host 12 megacities and at least four metacities by 2015.

Megacities used to be considered undesirable. But urban development experts now acknowledge these cities are centers of economic growth and dynamic social change. Urban populations, argues LEAD-India, are better able to regulate their collective behavior, and dramatic birth rate reductions often follow a trend toward urbanization.[9]

Urbanization in the Asia-Pacific region is considered both inevitable and beneficial to long-term productivity, and both urban and rural poverty alleviation (Cook 2006: 16). Because megacities offer huge markets and labor forces for global products, they are considered engines of economic growth. Bangkok, for example, contributes 38 per cent of Thailand's total GDP, an amount that is more than the total GDP of any of the agricultural-based countries in Africa (LEAD-India 2003: 2).

In order to capitalize on the economic and social potential of megacities, governments, urban planners and local communities will have to overcome a series of chronic problems. These include explosive population growth (through urban migration) and infrastructural deficits (including water and power supply, slum management and rehabilitation, rapid mass transit, and garbage disposal). Failure to deal effectively with these problems will result in serious environmental problems, such as continued degradation of air quality, diminishing ground water levels and disease (Ibid).

### 3. Rural housing conditions

One of the most important factors in improving low-income housing in the Asia-Pacific region is allocating resources between urban and rural areas. The Asian Coalition for Housing Rights (ACHR) argues that the focus should be on urban development, given prevailing population shifts. ACHR points out that the urban population has increased 321 per cent since 1970, while rural residents have only increased 42 per cent. The UN predicts that Asia's total population will grow by approximately 650 million people between 2005 and 2020, and that almost all of this increase will occur in urban areas (Satterthwaite/ACHR 2005: 28). The international community's focus on urban housing is also highlighted by UN Millennium Development Goal 7, target 11, which calls for a reduction in the world's urban slum population.[10]

Although urbanization is a good rationale for concentrating resources in urban areas, three reasons support the need to focus on rural areas.

First, although more than half the people in the region are predicted to live in urban areas by 2030, the rural population will swell to over 2.2 billion, or 45 per cent of the total population of Asia (UN-Habitat 2005: 189, 192). In South Asia, more than two-thirds of the current population lives in rural areas, even though national economic development efforts favor urban areas (Jomo 2001: 2). In the Pacific Islands, the population is centered in urban areas, yet 10.4 million people (25 per cent of the total) are projected to live in rural areas in 2030 (UN-Habitat 2005: 191, 197). Improving living conditions for rural people cannot be ignored.

Second, housing conditions and poverty in general are worse in rural areas. According to Sarah Cook, research fellow at the Institute of Development Studies, "Severe or chronic poverty in Asia remains predominantly rural (in terms of absolute numbers) with the rural poor often located in remote, ecologically disadvantaged regions with 'fragile' environments. Poverty in such areas will not be relieved by growth alone." (Cook 2006: 19.) Rural poverty is especially deep in South Asia.

**South Asia: Home to much of the world's rural poor[11]**
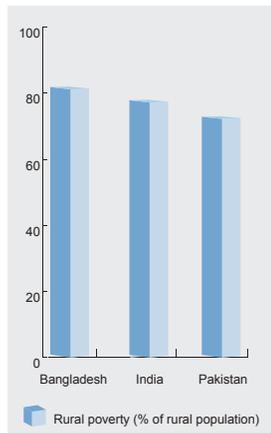


According to a report published by UNESCAP, neglecting rural development in South Asia worsens overall poverty, mainly because the majority of people continue to live and work in rural areas, and abysmal rural living conditions increase urban migration, leading to further slum growth (Naseem 2003). The report states that 43 per cent of the world's poverty in terms of income is in rural South Asia (Ibid: 39). Rural housing conditions, as expressed by access to services such as safe drinking water, sanitation and electricity, are worse than urban housing conditions in nearly every country in the Asia-Pacific region.[12]

**More urban homes connected to water and sanitation services in selected countries[13]**



In-house connections in urban areas (% total urban households)

In-house connections in rural areas (% total rural households)
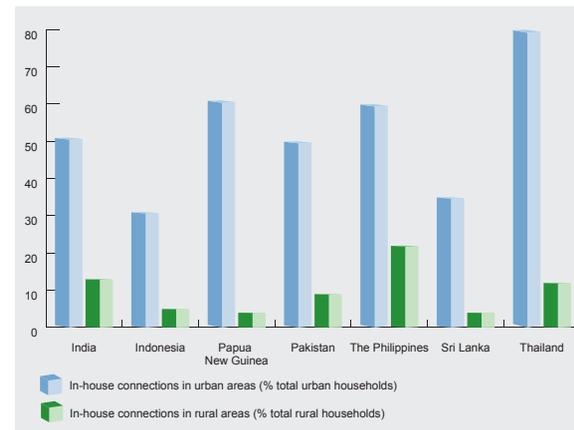
Third, improving rural living conditions may help to slow the flow of rural-to-urban migration. According to UN-Habitat and others, the tide of migration from rural areas in the Asia-Pacific region is due not only to increased employment opportunities available in urban areas, but also to fewer opportunities in rural areas (see e.g. UN-Habitat 2005: 12).[14] Continued out-migration of the rural workforce in South Asia reflects deteriorating rural living conditions (see e.g. Jomo 2001: 1-3).

While current thinking acknowledges the benefits of increased urbanization, very rapid urbanization poses severe challenges in housing, infrastructure, health and education services, and employment. Author K.S. Jomo argues in a 2001 OECD report that a disproportionate focus on urban development in South Asia has resulted in "overburdening urban services such as housing, water supply, electricity and sanitation and in the profusion of urban slums…" (Ibid: 3.) UNESCAP concurs, stating, "Rapid urban growth…has overwhelmed local and national governments' capacities for urban management

in the region." (UNESCAP 2003: 6.) In fact, improving conditions for the urban poor while neglecting rural areas may only increase the rate of rural-urban migration.

An effective approach to improving housing conditions in the Asia-Pacific region, therefore, will include a focus on rural issues such as employment, social conditions, land tenure and living standards (Ibid: 6).[15]

## B.  LOW-INCOME HOUSING COMMUNITIES

Low-income housing communities can be divided into four groups: slums and squatter settlements; illegal subdivisions; the urban rental sector; and low-income rural areas.

### 1. Slums and squatter settlements

The UN definition sets forth the five aspects of slum households. There are corresponding characteristics of slum and squatter settlements in the Asia-Pacific region.

*"43 per cent of the world's poverty ... is in rural South Asia."*

**What we mean by slums and squatter settlements**

| | UN characteristics of slum households[16] | Corresponding conditions in Asia-Pacific[17] |
|---|---|---|
| 1 | Lack of durable housing<br>• Non-hazardous location, structure that protects inhabitants from climatic conditions | Lack of durable housing<br>• Poor housing quality, including dwellings made from substandard and discarded materials such as wooden planks, plastic, corrugated metal, asbestos sheets and tin<br>• High risk of environmental harm caused by housing location, including risks from floods, landslides, or passing trains |
| 2 | Lack of sufficient living area<br>• Maximum three people per room | Lack of sufficient living area<br>• Severe overcrowding[18] |
| 3 | Lack of access to improved water<br>• Sufficient amount of water for family use, at an affordable price, available to household members without extreme effort | Lack of access to improved water<br>• Absence or severe inadequacy of basic infrastructure and services including water supply, sewerage, drainage, roads, healthcare and education<br>• High incidence of disease caused by inadequate water and sanitation services<br>• Lack of access to primary healthcare |
| 4 | Lack of access to sanitation<br>• Private toilet or public toilet shared with reasonable number of people | Lack of access to sanitation<br>All of the above. |
| 5 | Lack of secure tenure<br>• Right to effective protection against forced evictions, reflected by evidence of documentation proving secure tenure status or when inhabitants have either *de facto* or perceived protection against eviction | Lack of secure tenure<br>• High risk of eviction |

According to the UN, a slum household is one to which any of the five aspects apply.

The distinguishing characteristic of squatter settlements (or "informal" settlements) is a lack of legal tenure. Squatter settlements include housing that is of poor quality and temporary materials, and more established housing that lacks official title (UN-Habitat 2001: 4). Squatter settlements are usually laid out in a haphazard way (UNESCAP Agenda 21 2003: 15). Unplanned or informal housing "sprawl" lengthens distances between home and work, schools and healthcare for low-income people. Providing infrastructure and services becomes much more expensive after the settlement is already in place (see Satterthwaite/ACHR 2005: 16). The time spent commuting between home and work in Asia is the greatest in the world (Bestani and Klein 2004: 75).

Squatter settlements in the Asia-Pacific region are often located in unsafe areas: near urban rivers and canals, alongside railway tracks, or on land owned by the government. Squatters on the banks of the Lyari River in Karachi, for example, lose life and property to frequent flooding, as do the people living in 300 slums alongside Colombo's waterways. In the Pacific, squatters have settled in swampy areas with high public health risks

(UNESCAP Agenda 21 2003: 6).

Lack of available urban land in Pacific Island countries has pushed new urban residents to live on customary or native land without formal land rights. The temporary and uncertain nature of tenure in these settlements has discouraged people from building sturdy shelter, and governments from supplying communities with basic infrastructure (UNESCAP 2004: 5). Because they lack any form of legally recognized tenure, squatter households are vulnerable to eviction by both customary landlords and the state (Ibid).

The proximity of a housing settlement to work, healthcare and education is a critical aspect of its quality for most residents. The urban poor have proved willing to sacrifice almost any other aspect of quality, including quality of construction and tenure security, for housing located nearer to the city center (UNESCAP 1995: chapters 4-5).

**2. Illegal subdivisions**

Illegal subdivisions are created by developers who use political and bureaucratic connections to occupy and subdivide land on the urban periphery.[20] These developers either rent or sell the subdivided plots. In a user-rented subdivision, the illegal owner subdivides the land and rents it out to low-income tenants for 1–10 years. In some cases, plots have access to infrastructure such as water or electricity. In user-purchased subdivisions, the developer divides and sells the plots, without any access to infrastructure, to low-income buyers.

**3. The rental sector**

The private rental sector serves an essential social role in the Asia-Pacific region, housing some of the poorest

people. Approximately one-third of the people in urban Asia rent their housing, which is mostly located in the informal sector (see Sheng: 4). Small-scale landlords in the informal sector are increasingly important providers of housing for the poor.

Public policy has largely ignored the high incidence of low-income rental housing across the region, focusing almost exclusively on promoting home ownership instead. (See Angel 2000: 318, stating, "It is of growing concern to housing policy makers that governments tend to focus their energies on home ownership and neglect the maintenance of rental markets"; see also UN-Habitat 2005: 91) In some cases, housing policies intended to benefit the poor have harmed those who rent. For example, formalizing tenure and upgrading services may result in higher — and unaffordable — rent levels. (see Davis 2006: 78-80). Because the rental sector is so extensive and renters are often among the poorest urban residents, a better understanding of the rental sector is critical, although research is lacking.

The private rental sector is dominant in cities in several Asian countries, including Bangladesh, Indonesia, and parts of India (UNESCAP Agenda 21 2003: 4). In Madras, India, 76 per cent of all city residents were renters in 1981. In Calcutta, 68 per cent rented (UN-Habitat 2005: 91). The public rental sector in many parts of Asia is almost non-existent.

*"Asian cities are among the most profound sufferers from limited availability of infrastructure services such as water, power, sewage treatment."*

## C. ACCESS TO SERVICES

Whether they own or rent, the health of the urban poor clearly depends on access to basic services, such as water and sanitation, and decent environmental conditions. Such access may be more important to the urban poor than the quality of the structures they live in (Sheng: 5). According to a recent report produced for the Asian Development Bank, "Asian cities are among the most profound sufferers from limited availability of infrastructure services such as water, power, sewage treatment, etc." (Bestani and Klein 2004: 75.)

In the region's rural areas, at least one-third of the population in most countries lacks access to improved water supplies, and over 70 per cent lack access to basic sanitation (UNESCAP 2003: 2). Asia thus has the "lowest sanitation coverage in the world" according to UNESCAP (Ibid). Water supplies in rural areas have been overdrawn by recent economic development, and are rapidly becoming polluted by untreated wastewater from domestic, industrial and agricultural sources (Ibid).

**Lack of access to water and sanitation[21]**



Population without access to improved water

Population without access to improved sanitation
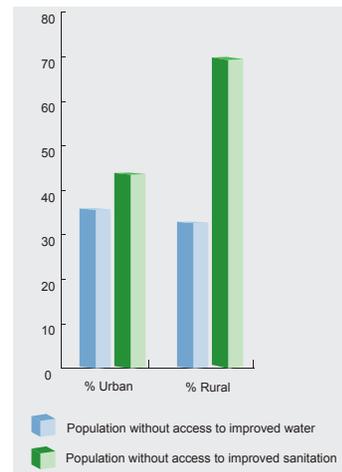
In urban areas, people living in slums and squatter communities also frequently lack access to water supply, drainage, sanitation, electricity, roads and transport. The UN estimated that in 2000, more than 500 million urban dwellers in Asia lacked adequate access to water, and more than 600 million lacked adequate provision for sanitation (Satterthwaite/ACHR 2005: 10). Thus approximately 36 per cent of the urban poor are also without improved water; approximately 44 per cent

are without sanitation (see UN-Habitat 2005: 189, 192; and ADB 2002: 16).[22] Furthermore, many of the reported sources of "improved water supply" in urban areas operate only intermittently, and 21.5 per cent of water samples from these sources were found to be contaminated (Ibid, citing to a 2000 report by the World Health Organization and UNICEF).

Access to basic services varies greatly between and within countries. Most countries improved access to water and sanitation between 1990 and 2002.[23] Although South Asia has made significant progress in extending basic services, new risks from water source contamination may undermine these gains. In East Asia, the greatest challenge relates to supplying safe water and other utilities quickly enough to keep pace with rapid urbanization (World Bank MDGs 2004: 1). For Pacific Island countries, the challenges are in securing adequate sources of non-polluted fresh water, and wastewater disposal. A lack of safe water in the Pacific causes elevated levels of waterborne diseases as well as increased hardship for the poor, particularly women and children.

As of 2000, 93 per cent of water and sanitation services in

Asia were publicly held (ADB 2002: 80), and the average per capita public expenditure on both services was extremely low.[25] The urban water supply sector received approximately US$2 billion annually from national governments, plus US$1 billion from external investment.

This resulted in an annual per capita expenditure of US$3. For sewerage the annual per capita investment was US$1. (Compare spending on water and sewerage in the United Kingdom, where the government's annual per capita "modern equivalent asset value" is US$1,890

for water and US$3,530 for sewerage.) The World Health Organization and UNICEF have estimated the per capita cost of expanded systems in Asia to be US$92 for household water and US$154 for sewerage.
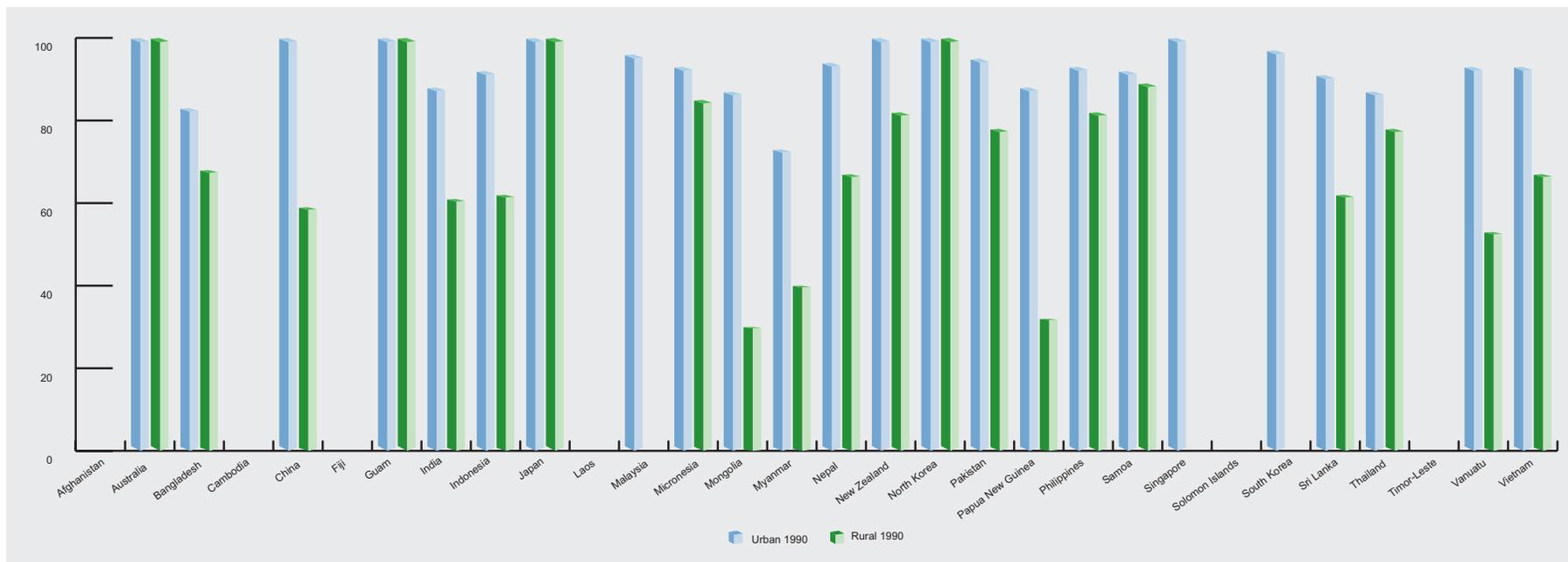
**Urban and rural access to drinking water in per cent by country, 1990**[24]

**Urban and rural access to drinking water in per cent by country, 2002**[24]



Urban 2002    Rural 2002

**Urban and rural access to sanitation in per cent by country, 1990**[24]



Urban 1990    Rural 1990
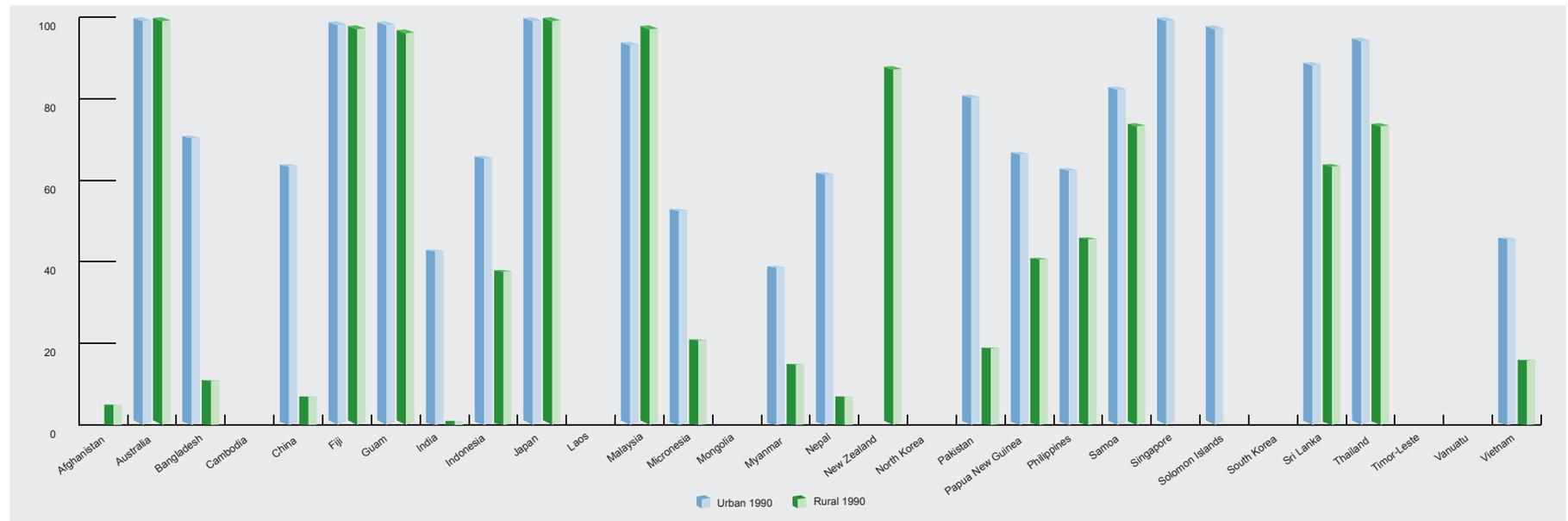
**Urban and rural access to sanitation in per cent by country, 2002**[24]
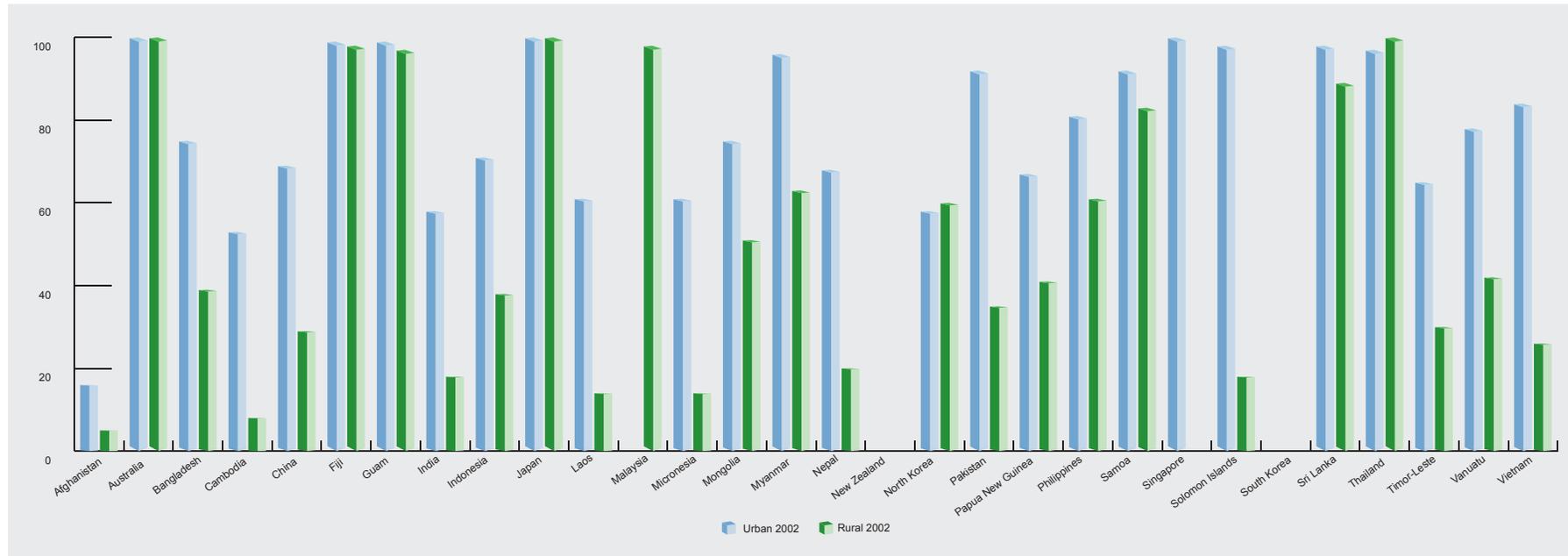


Infrastructure costs could be lowered significantly through:

- Better urban planning to encourage building basic infrastructure prior to housing settlement;
- Decreased standards; and
- Focus on labour-intensive construction methods.

*Privatization:* The trend across the Asia-Pacific region is toward privatization of such services as water, sanitation and electricity. Privatization implies cost recovery, which usually means raising tariffs for users.[26] The effect that this has on the poor is debated. On one hand low median tariffs discourage extending services and probably subsidize the rich (see ADB 2002: 16, on subsidy to the rich for sewerage).

The Asian Development Bank, for example, suggests that recouping tariff costs through privatization would allow improvements in quality and the extension of key services to the poor. International development banks have strongly encouraged utilities privatization as a condition of loans in many developing Asian and Pacific countries.[27]

## Water Privatization In Manila

One privatization program that has received international attention for its service to low-income clients is Manila Water, the private consortia that has run the city's water and sewerage utilities since 1997. Manila Water has attempted to address two major problems related to low-income communities: a high number of illegal connections and a lack of adequate water supply (Rivera 2006: 11).

The company addressed these problems by conducting sweeps for pirated household water taps, and by targeting low-income communities for flexible strategies for providing infrastructure, paying connections charges, and receiving and paying for the water (Ibid: 12). Communities are therefore allowed to choose lower-cost options, such as bulk water supply delivered to a central location within the community, and they can cut costs by installing and/or managing their own intra-community pipes, meters, and water provision (Ibid: 13-14).

The company estimates that between 1998 and 2005, these strategies helped over 850,000 low-income people receive water. It claims a net benefit to the poor because the cost of water to low-income clients[28] is significantly lower than that charged by the private water vendors from whom many households bought water before being hooked up (Ibid: 15).[29]

Some initial studies indicate that privatizing basic services may hurt the poor (Satterthwaite/ACHR 2005: 5; see also UN Special Rapporteur on Adequate Housing 2005: 9). UN-Habitat questions the effects of privatization on the poor and stresses the continuing role of the state in providing basic services.

While little definitive research is available on this question, it is clear that privatization will continue in many parts of the region. Privatization in itself is neither "good" nor "bad" for poor communities. Results depend on structure, implementation and regulation. More research is needed to better understand the impact of privatization on the poor and how to ensure that their interests are appropriately represented.

*Component-sharing models:* Component-sharing is another way that may vastly increase access to basic utilities in informal settlements throughout urban areas.

In this model, settlements are responsible for financing and managing their community-wide services, while the government is responsible for providing trunk infrastructure.

For example, a settlement community finances and manages its own sewers and drains, while the government integrates the local system into the citywide system. In water provision, the settlement community installs neighborhood piping, while the city government provides water mains with good quality, regular water (Satterthwaite/ACHR 2005: 25).

In some instances, the urban poor have already organized to build their own infrastructure. These efforts could be better supported with technical advice and public financing, as well as public hook-ups of these projects to municipal networks (Sheng: 5).

1    Specific data quantifying the demand for adequate housing in the Asia-Pacific region is often not available. This is largely due to the lack of accurate data on housing conditions at a local level. Accurate surveys are time consuming and expensive, and national statistical systems in most developing countries are inadequate. (UN-Habitat, Habitat Debate 2005: 14.) The vast majority of information that is available on low-income housing in the Asia-Pacific region pertains to urban housing conditions.

2    Statistics for water and sanitation are derived from United Nations Economic and Social Commission for the Asia-Pacific region (UNESCAP) 2003: 2-3; Satterthwaite/ACHR 2005: 10; and UN-Habitat 2005: 192-94.

3    The percentage of this increase in urban population that will live in slums is not clear. The World Health Organization and United Nations Children's Fund (UNICEF) estimate that Asia's urban areas will grow by 595 million people by 2015, and that 20-50 per cent of these people (approximately 120 to 300 million) will live in informal housing areas, slums and shanties (Asian Development Bank (ADB) 2002: 1).

4    Where people lived in 2000 and where they will live in 2030. See table right.

**Where people lived in 2000 and where they will live in 2030**

| Region | Level of urbanization (%) | | Urban population * estimates and projections (000) | | Rate of change (%) | | Rural population * estimates and projections (000) | | Total population * estimates and projections (000) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 2030 | 2000 | 2030 | 2000-2010 | 2020-2030 | 2000 | 2030 | 2000 | 2030 |
| **Asia** | **37.1** | **54.5** | **1,366,980** | **2,664,282** | **2.6** | **1.8** | **2,312,757** | **2,222,364** | **3,679,737** | **4,886,647** |
| Eastern Asia | 40.4 | 62.6 | 598,413 | 1,039,087 | 2.5 | 1.2 | 882,697 | 620,302 | 1,481,110 | 1,659,389 |
| South-central Asia | 29.5 | 43.7 | 438,694 | 959,121 | 2.5 | 2.6 | 1,047,355 | 1,233.232 | 1,486,049 | 2,192,353 |
| South-eastern Asia | 39.6 | 60.7 | 206,228 | 432,014 | 3.1 | 1.8 | 314,128 | 279,222 | 520,355 | 711,236 |
| Western Asia | 64.3 | 72.3 | 123,646 | 234.060 | 2.4 | 1.9 | 68,577 | 89,608 | 192.222 | 323,669 |
| Oceania | 72.7 | 74.7 | 22,564 | 31,063 | 1.3 | 0.9 | 8,479 | 10,405 | 31,043 | 41,468 |
| Africa | 37.1 | 53.5 | 295,348 | 748,158 | 3.5 | 2.8 | 500,323 | 649,846 | 795,671 | 1,398,004 |
| Eastern Europe | 68.3 | 74.3 | 207,850 | 191,976 | (0.4) | (0.2) | 96,688 | 66,281 | 304,538 | 258,257 |
| Latin America and Caribbean | 75.5 | 84.6 | 392,982 | 601,726 | 1.8 | 1.0 | 127,247 | 109,332 | 520,229 | 711,058 |
| Western Europe and other States | 72.7 | 79.6 | 592,058 | 545,369 | 0.1 | 0.1 | 198,928 | 140.070 | 727,986 | 685,440 |

UN-Habitat 2005: 186-87.

Western Europe and other States includes Andorra, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Israel, Italy, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

**Tracking the growth of urbanization**

| Country | Level of Urbanization (%) | | Urban Population * estimates and projections (000) | | Rate of Change (%) | | Urban Slum Dwellers | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Estimated Number (000) | | Rate of Change (%) | As Percentage of Urban Population | |
| | 2000 | 2030 | 2000 | 2030 | 2000-2010 | 2020-2030 | 1990 | 2001 | 1990-2000 | 1990 | 2001 |
| **Asia total** | **37.1** | **54.5** | **1,366,980** | **2,664,282** | **2.6** | **1.8** | **---** | **---** | **---** | **---** | **---** |
| Afghanistan | 21.9 | 41.9 | 4,683 | 20,920 | 5.9 | 4.3 | 2,458 | 4,945 | 6.4 | 98.5 | 98.5 |
| Australia | 90.7 | 96.0 | 17,375 | 22,874 | 1.2 | 0.6 | --- | --- | --- | --- | --- |
| Bangladesh | 23.2 | 39.3 | 31,996 | 86,500 | 3.5 | 3.1 | 18,988 | 30,403 | 4.3 | 87.3 | 84.7 |
| Cambodia | 16.9 | 36.9 | 2,223 | 8,697 | 5.3 | 3.7 | 870 | 1,696 | 6.1 | 71.7 | 72.2 |
| China | 35.8 | 60.5 | 456,247 | 877,623 | 3.0 | 1.4 | 137,929 | 178,256 | 2.3 | 43.6 | 37.8 |
| Fiji | 49.4 | 68.8 | 402 | 675 | 2.3 | 1.3 | 204 | 280 | 2.9 | 67.8 | 67.8 |
| Guam | 93.2 | 96.1 | 145 | 215 | 1.6 | 1.0 | --- | --- | --- | --- | --- |
| India | 27.7 | 41.4 | 281,255 | 586,052 | 2.3 | 2.5 | 131,174 | 158,418 | 1.7 | 60.8 | 55.5 |
| Indonesia | 42.0 | 67.7 | 88,863 | 187,846 | 3.6 | 1.6 | 17,964 | 20,877 | 1.4 | 32.2 | 23.1 |
| Japan | 65.2 | 73.1 | 82,794 | 88,482 | 0.3 | 0.2 | 6,117 | 6,430 | 0.5 | 6.4 | 6.4 |
| Laos | 19.3 | 38.2 | 1,018 | 3,549 | 4.5 | 3.7 | 422 | 705 | 4.7 | 66.1 | 66.1 |
| Malaysia | 61.8 | 77.6 | 14,212 | 27,324 | 2.8 | 1.6 | 177 | 262 | 3.6 | 2.0 | 2.0 |
| Mongolia | 56.6 | 66.9 | 1,415 | 2,336 | 1.6 | 1.6 | 886 | 940 | 0.5 | 68.5 | 64.9 |
| Myanmar | 28.0 | 49.1 | 13,290 | 30,086 | 3.1 | 2.3 | 3,105 | 3,596 | 1.3 | 31.1 | 26.4 |
| Nepal | 13.7 | 29.4 | 3,220 | 11,976 | 4.9 | 3.9 | 1,574 | 2,656 | 4.8 | 96.9 | 92.4 |
| New Zealand | 85.7 | 89.0 | 3,242 | 3,968 | 0.8 | 0.6 | 28 | 33 | 1.3 | 1.0 | 1.0 |
| North Korea | 60.2 | 72.8 | 13,414 | 18,186 | 1.0 | 1.0 | 117 | 95 | (1.9) | 1.0 | 0.7 |
| Pakistan | 33.1 | 49.8 | 47,220 | 135,347 | 3.5 | 3.3 | 26,416 | 35,627 | 2.7 | 78.7 | 73.6 |
| Papua New Guinea | 13.2 | 20.4 | 704 | 1,847 | 2.4 | 4.0 | 107 | 165 | 3.9 | 19.0 | 19.0 |
| Philippines | 58.5 | 76.1 | 44,327 | 86,615 | 2.9 | 1.6 | 16,346 | 20,183 | 1.9 | 54.9 | 44.1 |
| Samoa | 22.1 | 32.7 | 38 | 76 | 1.7 | 2.9 | 3 | 3 | 0.3 | 9.8 | 9.8 |
| Singapore | 100.0 | 100.0 | 4,016 | 4,934 | 1.3 | 0.3 | --- | --- | --- | --- | --- |
| Solomon Islands | 15.7 | 30.0 | 69 | 255 | 4.5 | 4.2 | 4 | 7 | 6.5 | 7.9 | 7.9 |
| Sri Lanka | 21.1 | 29.9 | 3,927 | 6,481 | 0.9 | 2.4 | 899 | 597 | (3.7) | 24.8 | 13.6 |
| South Korea | 79.6 | 86.2 | 37,291 | 43,120 | 0.8 | 0.2 | 11,728 | 14,385 | 1.9 | 37.0 | 37.0 |
| Thailand | 31.1 | 47.0 | 18,974 | 35,420 | 1.9 | 2.1 | 1,998 | --- | --- | 19.5 | --- |
| Timor-Leste | 7.5 | 15.2 | 52 | 189 | 4.6 | 4.0 | 1 | 7 | 16.4 | 2.0 | 12.0 |
| Vanuatu | 21.7 | 39.0 | 43 | 138 | 4.1 | 3.6 | 10 | 17 | 4.3 | 37.0 | 37.0 |
| Vietnam | 24.3 | 43.2 | 19,006 | 46,863 | 3.2 | 2.7 | 8,100 | 9,197 | 1.2 | 60.5 | 47.4 |

UN-Habitat 2005: 189-91.

Australia includes Christmas Island, Cocos (Keeling) Islands and Norfolk Island.

The data for China do not include Hong Kong and Macao Special Administrative Regions (SAR).

5   Tracking the growth of urbanization.  See table left.

6   UN-Habitat 2006: 190

7   UN-Habitat 2005: xxix, xxx.

8   Johns Hopkins Bloomberg School of Public Health 2002.

9   Low growth rates in many large Asian cities are also attributed to the fact that many smaller cities are beginning to compete for new investment, which draws labor from the larger cities. (Satterthwaite/ACHR 2005: 8; see also UN-Habitat 2006: 6-7.)

10   This priority on urban housing was further clarified by UN-Habitat's Human Settlement Officer Christine Auclair, who noted that many of Habitat's development partners feel that the Millennium Development Goals should have even greater focus on cities given projections that increased urban populations will outstrip rural ones (UN Habitat, Habitat Debate 2005: 9).

11   Jomo 2001: 1, citing to Alderman et al 2001.

**South Asia: Home to much of the world's rural poor**

| Country | Poverty (as % total rural population) |
|---|---|
| Bangladesh | 82 |
| India | 78 |
| Pakistan | 73 |

12   For a strong argument for increased focus on economic development and poverty alleviation in rural areas of South Asia, see Naseem 2003.

13 UN-Habitat 2005: 199-202.

**More urban homes connected to water and sanitation services in selected countries**

| Country | In-house connections in urban areas (% total urban households) | In-house connections in rural areas (% total rural households) |
|---|---|---|
| India | 51 | 13 |
| Indonesia | 31 | 5 |
| Papua New Guinea | 61 | 4 |
| Pakistan | 50 | 9 |
| The Philippines | 60 | 22 |
| Sri Lanka | 35 | 4 |
| Thailand | 80 | 12 |

14 The UN Special Rapporteur on Housing Rights notes that rapid urban migration is due to extreme rural poverty related to landlessness, land insecurity and land conversions (UN Special Rapporteur on Adequate Housing 2005: 13). According to UN-Habitat, two contradictory factors influence the decline in rural employment. One is the mechanization of agriculture to increase productivity. The other is low productivity that supports only marginal employment (UN-Habitat 2005: 12). Sarah Cook, Research Fellow at the Institute of Development Studies, cites over-supply of rural labor; limited agricultural returns; lack of non-agricultural rural employment; and high differentials in rural-urban wages (Cook 2006: 17).

15 In 2003, UNESCAP stated: "Governments have often not considered the balance of resource allocations between rural and urban areas as part of a balanced and integrated approach to human settlements development and improvement." (UNESCAP 2003: 6.)

16 UN-Habitat 2006: 19.

17 UNESCAP Agenda 21 2003: 7, 15; see also Satterthwaite et. al 2005: 7, 13.

18 Overcrowding in older informal settlements continues to increase as demands for urban land increase and populations rise. As a result, living conditions have deteriorated despite the fact that many of these settlements have acquired water and paved roads (Satterthwaite/ACHR 2005: 5).

19 This paragraph is based on ACHR 2005: 35.

20 This paragraph is based on UNESCAP Agenda 21 2003: 6.

21 Statistics derived from Satterthwaite/ACHR 2005: 10; UN-Habitat 2005: 189, 192; UNESCAP 2003: 2-3.

**Lack of access to water and sanitation**

| | Urban areas | | Rural areas | |
|---|---|---|---|---|
| | Approx. number of people | % total urban pop. | Approx. number of people | % total rural pop. |
| No access to improved water | 500 million | 36 | 770 million | 33 |
| No access to improved sanitation | 600 million | 44 | 1.619 billion | 70 |

22 Estimates given in Chapter II would yield 44 per cent of the urban population in the Asia-Pacific region without improved sanitation.

23 Where access to services decreased over this period, it was most often in access to urban water. The table on the next page shows that in China, Indonesia and the Philippines access to improved drinking water in urban areas decreased from 100 to 92 per cent, 92 to 89 per cent, and 93 to 90 per cent respectively.

24 Urban and rural access to drinking water and sanitation in per cent by country 1990 and 2002. See table next page.

| Country | Improved drinking water coverage | | | | | | Improved sanitation coverage | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (%) | | Urban (%) | | Rural (%) | | Total (%) | | Urban (%) | | Rural (%) | |
| | 1990 | 2002 | 1990 | 2002 | 1990 | 2002 | 1990 | 2002 | 1990 | 2002 | 1990 | 2002 |
| Afghanistan | --- | 13 | --- | 19 | --- | 11 | --- | 8 | --- | 16 | 5 | 5 |
| Australia | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Bangladesh | 71 | 75 | 83 | 82 | 68 | 72 | 23 | 48 | 71 | 75 | 11 | 39 |
| Cambodia | --- | 34 | --- | 58 | --- | 29 | --- | 16 | --- | 53 | --- | 8 |
| China | 70 | 77 | 100 | 92 | 59 | 68 | 23 | 44 | 64 | 69 | 7 | 29 |
| Fiji | --- | --- | --- | --- | --- | --- | 98 | 98 | 99 | 99 | 98 | 98 |
| Guam | 100 | 100 | 100 | 100 | 100 | 100 | 98 | 98 | 99 | 99 | 97 | 97 |
| India | 68 | 86 | 88 | 96 | 61 | 82 | 12 | 30 | 43 | 58 | 1 | 18 |
| Indonesia | 71 | 78 | 92 | 89 | 62 | 69 | 46 | 52 | 66 | 71 | 38 | 38 |
| Japan | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Laos | --- | 43 | --- | 66 | --- | 38 | --- | 24 | --- | 61 | --- | 14 |
| Malaysia | --- | 95 | 96 | 96 | --- | 94 | 96 | --- | 94 | --- | 98 | 98 |
| Micronesia | 87 | 94 | 93 | 95 | 85 | 94 | 30 | 28 | 53 | 61 | 21 | 14 |
| Mongolia | 62 | 62 | 87 | 87 | 30 | 30 | --- | 59 | --- | 75 | --- | 51 |
| Myanmar | 48 | 80 | 73 | 95 | 40 | 74 | 21 | 73 | 39 | 96 | 15 | 63 |
| Nepal | 69 | 84 | 94 | 93 | 67 | 82 | 12 | 27 | 62 | 68 | 7 | 20 |
| New Zealand | 97 | --- | 100 | 100 | 82 | --- | --- | --- | --- | --- | 88 | --- |
| North Korea | 100 | 100 | 100 | 100 | 100 | 100 | --- | 59 | --- | 58 | --- | 60 |
| Pakistan | 83 | 90 | 95 | 95 | 78 | 87 | 38 | 54 | 81 | 92 | 19 | 35 |
| Papua New Guinea | 39 | 39 | 88 | 88 | 32 | 32 | 45 | 45 | 67 | 67 | 41 | 41 |
| Philippines | 87 | 85 | 93 | 90 | 82 | 77 | 54 | 73 | 63 | 81 | 46 | 61 |
| Samoa | 91 | 93 | 92 | 94 | 89 | 92 | 78 | 88 | 83 | 92 | 74 | 83 |
| Singapore | --- | --- | 100 | 100 | --- | --- | --- | --- | 100 | 100 | --- | --- |
| Solomon Islands | --- | 70 | --- | 94 | --- | 65 | --- | 31 | 98 | 98 | --- | 18 |
| South Korea | --- | 92 | 97 | 97 | --- | 71 | --- | --- | --- | --- | --- | --- |
| Sri Lanka | 68 | 78 | 91 | 99 | 62 | 72 | 70 | 91 | 89 | 98 | 64 | 89 |
| Thailand | 81 | 85 | 87 | 95 | 78 | 80 | 80 | 99 | 95 | 97 | 74 | 100 |
| Timor-Leste | --- | 52 | --- | 73 | --- | 52 | --- | 33 | --- | 65 | --- | 30 |
| Vanuatu | 60 | 60 | 93 | 85 | 53 | 52 | --- | 50 | --- | 78 | --- | 42 |
| Vietnam | 72 | 73 | 93 | 93 | 67 | 67 | 22 | 41 | 46 | 84 | 16 | 26 |

Access to water: piped water is available within a dwelling or within a range of 200 meters. (UN-Habitat 2005: 180.)

Improved sanitation: connection to a public sewer or septic system or a pour-flush latrine, simple pit latrine or ventilated improved pit latrine. The excreta disposal system is considered adequate if it is private or shared (but not public) and if it hygienically separates human excreta from human contact. 'Not improved' are service or bucket latrines (where excreta are manually removed), public latrines, latrines with an open pit. (UN-Habitat 2005: 180.)

Including Christmas Island, Cocos (Keeling) Islands and Norfolk Island.

The data for China do not include Hong Kong and Macao Special Administrative Regions (SAR).

25   The remainder of this paragraph is based on ADB 2002: 80.

26   The ADB says tariffs should: "add value to water, causing users to conserve. Tariffs should be based on cost recovery and balanced with the consumer's ability to pay, offer flexible payment options and impose higher rates for higher consumption." (ADB 2005: 3). The ADB points to a low tariff-to-production-cost ratio for urban water delivery in Asia as a "dangerous sign" that current provision systems are not financially sustainable, and "one of the main reasons why services are not being extended to the poor." (ADB 2002: 16.)

27   The World Bank and IMF have often required utilities privatization in the host country as a mandatory condition for both debt relief and new assistance. Bayliss 2002: 2-3.

28   This information appears to be based on data immediately prior to a significant increase in tariff rates that may, according to the company, "affect the ability and willingness of the poor to be connected to a piped water supply." (Rivera 2006: 18.)

29   For criticism of Manila Water based on extensive rate hikes with little additional service, see Jubilee South 2006 (Jubilee South (2006) Profiting from People's Lives: Metro Manila's Water Privatization Saga (available at www.jubleesouth.org/news); and Siregar 2003.

# CHAPTER III: THE EFFECTS OF INADEQUATE HOUSING

**KEY FACTS**

- *Poor housing can keep families in a vicious cycle of poverty because they spend money and time on housing costs: money that could be spent on food, health, education, or income generation.*
- *Inadequate housing can cause instability: in China, forced evictions incited 74,000 protests and riots in 2005.*
- *Poor housing causes disease, injury and death. Child mortality rates in slums are linked to hazardous locations, and lack of clean water, clean air and improved sanitation.*
- *Pneumonia and diarrhoea are common in slums; together they kill four million children in developing countries each year.*

## A. EFFECTS ON POVERTY

Increasing poverty, decreasing access to adequate shelter, and declines in physical and mental health often operate cyclically: each factor affects the others. While many consider inadequate housing to be a result of poverty, poverty is also a primary cause.

When housing costs go up for the poor, money available for other basic needs goes down. Families must choose, then, between losing their housing or cutting back on food, healthcare, clothing and education for their children. "The high cost of housing," summarize housing experts Edgar, Doherty and Meert, "can itself create poverty even where government assistance to housing costs is available." (Edgar, Doherty and Meert 2002: 59.)[1] When housing is unaffordable, financial coping strategies are even further limited for people without family support, for example, women seeking divorce, families in transition, and families in crisis (Edgar, Doherty and Meert 2002: 59). UN-Habitat noted the importance of improving slum housing as an entry point into achieving a broad range of goals related to poverty alleviation. According to UN-Habitat writer D. Mehta, "by improving the lives of slum dwellers, one is also combating HIV, improving environmental sustainability, addressing gender inequality, and all the MDGs [Millennium Development Goals] in the most efficient manner." (UN-Habitat, 2005: 10.)

## B. EFFECTS ON SOCIAL AND POLITICAL STABILITY

Inadequate housing conditions are closely tied to social fragmentation, instability and violence (Cook 2006). Martin Lux[2] argues: "Housing is . . . perceived as a basic social need of human beings and its standard greatly influences the standard of welfare of the whole society. Housing insecurity can have far reaching consequences for the labour market, as well as for the political stability of a particular country." (Lux 2003: 9.) Unbridled urban growth undermines social cohesion in Pacific Island countries, which has wide-reaching effects on the ability of individuals, families and communities to "cope with and address poverty." (UNESCAP 2004: 6.) In the Asia-Pacific region, housing policy has become a lightning rod for social unrest in different countries at different times. Civil unrest in China around the government's forced eviction practices manifested in 74,000 protests and riots in 2005 alone, according to the Centre on Housing Rights and Eviction (COHRE) (Macan-Markar 2006: 2).

In a recent report on "Measuring Transformation through Houses," Habitat for Humanity found that improved shelter conditions, especially through a participatory approach in which the household takes a strong role in the improvements, serves to enhance a broad range of factors affecting quality of life and strengthening civil society (Weir 2004: 1-2). These factors include increased participation in civil society by marginalized groups, better relationships among different ethnic groups, increased school attendance by children, heightened self-confidence for women, fewer days of work missed due to poor health, and increased household economic activity, including new economic activity, increases in household income and increases in expenditure on clothing and furniture (Ibid).

Inadequate, insecure housing leaves residents vulnerable to violent crime, especially in cities. This is aggravated by the absence of professional, non-corrupt law enforcement (see Cook 2006: 16, for the point on increased violence in slums).

## C. EFFECTS ON HEALTH

Housing that is overcrowded or lacks access to basic services such as safe drinking water and improved sanitation poses higher risk of death and disease to inhabitants (UN-Habitat 2006: ix). Higher mortality rates in slums, especially for children, are linked to the hazardous location of many slums, to inadequate water and sanitation services[3], and to poor air quality (Ibid: 109-10; see also World Bank MDGs 2004: 1; Jack 2006: 9; UN Special Rapporteur on Adequate Housing 2005: 15).

Two pervasive diseases, pneumonia and diarrhoea, are responsible for killing four million children in developing countries each year (UN-Habitat 2006: 111). While pneumonia is related to overcrowding and poor ventilation in slums, diarrhoea is linked to inadequate water and sanitation, especially the use of pit latrines shared by hundreds of households (Ibid).[4]

The Asia-Pacific region's urban areas are also subject to air pollution, industrial discharge, destruction of mangroves and wetlands, increased runoff including faecal contamination, and inadequate wastewater and solid waste collection, all of which threaten health and social well-being (UNESCAP 2004: 6). Many low-income housing communities, for example, in the Pacific Islands are built in precarious zones, subject to natural and man-made disasters. In the event of either, faulty construction and the use of substandard materials increase exponentially the damage to residents' lives and property.

## D. EFFECTS ON ECONOMIC WELL-BEING

Improving housing conditions can be a powerful economic catalyst for both individual households and the broader community. Housing activity, states Schlomo Angel, "has important effects on, among other things, the GNP (gross national product), household savings, the accumulation of wealth, and wages." (Angel 2000: 73.)

Inadequate housing, on the other hand, is financially crippling. According to one study, those without homes or with inadequate housing are unable to partake in either of the two income-generating potentials associated with housing (Centre for Urban Development Studies 2000: 4):

- **The use of housing for microenterprise.** Land and building account for 25 to 45 per cent of the investment required to establish a micro-enterprise (Ibid).

- **The use of housing as an income-producing asset**, either through renting out property or through increases in market value at the time of sale. One survey found that 35 per cent of households participating in SEWA's slum upgrading program reported an increase of 35 per cent in average weekly earnings, due in large part to the benefits of loans for home improvement and water and electric connections (Malhotra 2004: 278).

Also, slum conditions such as overcrowding, location hazards, and the threat of eviction affect inhabitants' capacity to obtain and keep a job (UN-Habitat 2006: ix).

The ability of Asia-Pacific cities to realize their economic potential may turn on their ability to better house their workforces. The potential for long-term economic benefits from urbanization will depend on whether and to what degree urban workers have decent living conditions, including: "sustainable access to land; housing and infrastructure; social and economic services; and participatory decision-making." (UNESCAP 2004: 2; Jack 2006: 8.)[5]

# END NOTES

1  Bill Edgar and Joe Doherty are the coordinators of research for the European Observatory on Homelessness and directors of the Joint Centre for Scottish Housing Research.

2  Martin Lux, of the Socio-economic of Housing at the Institute of Sociology at the Czech Academy of Sciences, has written extensively on social housing in Central and Eastern Europe.

3  In India, the government cites the lack of safe drinking water and improved sanitation as the "main reason for prevailing ill health and morbidity levels in the country." (Government of India Planning Commission 2002-2007: sec. 2.1.25.)

4  Studies have shown that living conditions for slum children are an even greater factor in determining whether they will have diarrhoea than their family's access to healthcare (UN-Habitat 2006: 111).

5  UNESCAP's 1995 statement on the economic importance of slum and squatter households remains true today: "Many governments have a tendency not to realize the role of squatters in, for example, the construction, industrial and service sectors. Economically and politically weak, squatters provide crucial inexpensive labour for the development of the booming Asian economies. Instead governments emphasize the fact that a sizeable land area is occupied by the settlements as well as the problems related to health, economic and social issues. However, in terms of microeconomics, squatters are actually the most intensive users of land both in terms of population density and economic productivity. (UNESCAP 1995: chapters 4-5.)"

# Chapter IV: The Causes Of Inadequate Housing





**KEY FACTS**

- *Low household earnings and high urban land prices make housing less affordable than in most other parts of the world: average house prices are 7-10 times average annual income and up to 20 times higher in Asia than Africa.*
- *War and violence displaced 2.7 million people in the region by the end of 2005.*
- *The 2004 Indian Ocean tsunami left over 1.8 million homeless, and more than 3 million people were affected by the 2005 earthquake in Pakistan. Reconstruction from these and other disasters is ongoing, but many remain inadequately housed.*
- *The current policy climate encourages "enabling" housing policy regimes. These restrict government intervention and promote private and community sector involvement.*
- *Improvements are needed to tackle: systematic corruption; the regulatory scheme for construction and land-use; rental sector policies; and eviction and relocation policies.*
- *A focus on upgrading slums and the extension of trunk infrastructure and formal tenure rights are positive trends.*
- *Between 40 and 70 per cent of the region's people are too poor to afford a mortgage, and cannot meet collateral requirements, even if they can afford a formal mortgage.*
- *Microfinance and community development funds provide increasingly important means for low-income people to build and repair housing.*
- *Upgrading slums would cost between US$619 and US$643 a person; alternatives for slum dwellers would cost up to US$829 per person.*

The causes of inadequate housing in the Asia-Pacific region can be grouped under three broad headings.[1] Under the heading of social, economic and political factors are such issues as poverty and economic development, discrimination, war and violence, and the effects of disasters. Government behavior and ideas, both past and present, influence the housing policy environment. Current policy debates center on decentralization, corruption and regulatory frameworks, as well the role of the rental sector and attitudes towards eviction. Finally, there are prevailing market conditions, and especially the availability, or lack of availability, of suitable land and financing. The positive – and negative – interplay of the various factors influences the quantity, the quality and the affordability of housing options available to the poor.[2]

## Defining Poverty

The most common measurements of poverty are based on income and the United Nations' Human Development Index or HDI

**Income measurements**
- **Extreme poverty:** living on less than US$1 a day (in 1993 purchasing power parity terms);
- **Moderate poverty:** earning US$1–2 a day; and
- **Relative poverty:** earning less than a certain percentage below the average national income (Sachs 2005: 20).

The HDI[3] attempts to measure well-being, mainly through:

- **Life expectancy,** as measured at birth;
- **Knowledge,** as measured by the adult literacy rate (two-thirds weighting) and a gross enrollment ratio combining primary, secondary and tertiary education (one-third weighting).
- **Standard of living,** as measured by per capita gross domestic product (GDP) at purchasing power parity (PPP) in US dollars.

The index, which ranks 177 countries, includes income-based indicators, but also looks at economic conditions, access to education and healthcare, demographics, and social and political freedom.

*"Poverty impedes adequate housing, but it is not an impenetrable barrier."*

## A. SOCIAL, ECONOMIC AND POLITICAL FACTORS

### 1. Poverty and economic development

The relationship between poverty and housing conditions

As long as people live in severe poverty, it is unlikely that they will be able to improve their housing conditions. Schlomo Angel writes that the "[housing] affordability problem is … a poverty issue and not a housing issue. The solution to this problem must therefore rely primarily on policies for the alleviation of poverty, and not on policies that aim at the provision of adequate housing."[4]

Poverty and inadequate housing work cyclically: those who lack adequate housing are forced to spend money and time on shelter rather than on other basic needs, further entrenching them in poverty. In a 2003 report, UNESCAP described the relationship between poverty and housing for slum dwellers as follows:

> Other problems of the Asian slum dwellers include their inability to grow assets under abject poverty, crime and hardships (such as collecting water, removing solid wastes, bringing children to school on foot), which

take away much of poor peoples' time, making assets generation difficult, if not impossible. Unless, therefore, they are able to get out of the poverty trap it will be difficult for these 498 million slum dwellers to make significant improvement in their living conditions. (UNESCAP 2003: 6.)

Poverty impedes adequate housing, but it is not an impenetrable barrier. Recent trends in microfinance and community development funds show that even some of the extreme poor are able to contribute resources to shelter when they are able to access land and financing markets.

### Is the Asia-Pacific region becoming poorer or richer?

Overall poverty in the region is decreasing, but differences among countries can be stark.

In the 1990s, per capita income grew (UNDP 2005: 3-4), and the region led global economic growth between 2002 and 2006, with annual GDP increases of 6.6–7.9 per cent in the East Asia-Pacific region, and 4.6–7.5 per cent in South Asia (UN-Habitat: 11). The UN's HDI scores for all major Asian and Pacific countries increased in absolute terms between 1975 and 2003 (UNDP 2005: 3).

Countries with marked gains during this period include Bangladesh, Indonesia, India, Pakistan and China.

### HDI highs and lows for selected countries[5]
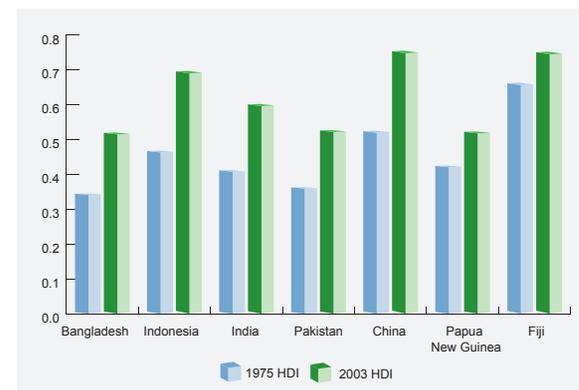


Other countries such as Thailand, the Philippines and Sri Lanka realized significant but lesser gains. Gains in developing Pacific Island countries were much lower.[6] According to UNESCAP, overall gains in the Asia-Pacific region overshadow the relatively poor performance of the 14 least developed countries within the region. Per capita income in these countries is only one-fourth of that of the region as a whole, and almost half of the population lives below national poverty lines (UNESCAP Press Release 5 July 2005).

*"In developed countries, house prices average four times average annual income; in Asia, developed land is more than 10 times average annual income."*

Extreme poverty in Asia has decreased by more than 250 million people since 1990 (UN-Habitat, Habitat Debate: 2). However, 693 million people were still living on less than US$1 a day in 2000, accounting for roughly two-thirds of the world's extreme poor (UNDP 2005: 2). Also, initial reports of declining poverty in some of Asia's largest countries such as China and India may have been overestimated. Gains in per capita income have been offset by growing inequality of wealth (Ibid: 4).

Poverty levels vary greatly both between and within countries. In the 1990s, East Asia, Southeast Asia and the Pacific region all experienced marked decreases (from 15 to 28 per cent) in extreme poverty, but in South Asia extreme poverty decreased by only 4 per cent (UNDP 2005: 2-3). HDI ratings for South Asia are lower than anywhere else in the world except for sub-Saharan Africa (Naseem 2003: 39). Poverty is exacerbated in rural areas of South Asia, where up to half of the rural population – except in the Maldives – is poor (Ibid).

### What is behind poverty?

The causes of poverty in the Asia-Pacific region vary among countries, and include government policy, geography and historical circumstances, discrimination based on religion, ethnicity or gender, political instability and war, and demographic patterns. Inadequate housing can in itself worsen poverty. Two of the factors directly linking poverty with poor housing are low income and rising inequality of wealth and income.

*Low household income levels (unemployment, under-employment and low wages):* In its 2005 report on urban shelter, UN-Habitat stated "the most direct and important factor contributing to urban poverty is the shortage of well-paid employment in cities. The challenge here is both the creation of jobs and the level of wages." (UN-Habitat 2005: xxxiii.) Housing is less affordable in the Asia-Pacific region than in most of the world. In developed countries, house prices average four times average annual income (Flood 2001: 5); in Asia, developed land is more than 10 times average annual income (Bestani and Klein 2004: 75).

**Ranking human development[5]**
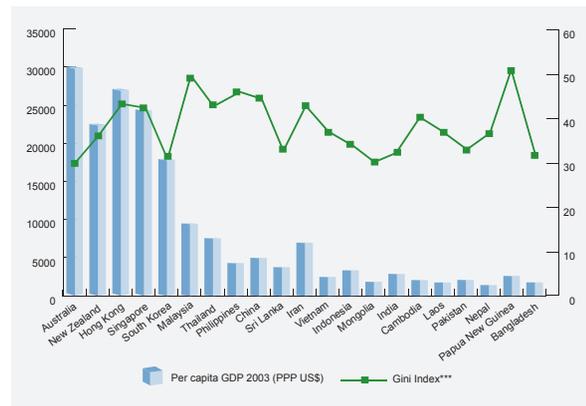


**Poverty varies greatly[7]**
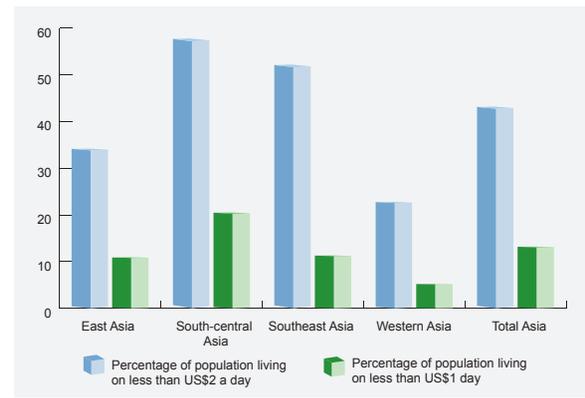
*Inequality of wealth and income:* Economic growth in most countries over the past two decades has gone hand in hand with an increased disparity of wealth and income (UNDP 2005: 3). Striking disparity levels exist both among countries in the region and within them (Ibid: 9, 24). As measured by Gini coefficients, Southeast and East Asian countries have much higher inequality rates than do South Asian countries.

Unequal wealth is important not only as a measure of socio-economic justice, but also because of its effect on economic capacity and poverty reduction (see, e.g., Cook 2006: 4). Higher inequality strongly correlates with lower levels of development (UN-Habitat 2005: 11). Unequal distribution of agricultural land rights contributes to rural poverty (see, e.g., Jomo 2001), limiting resources available for housing and contributing to large-scale migration to urban areas. In Fiji, for example, the non-renewal of leases on sugar cane farms has forced many families to seek employment and shelter in cities (UNESCAP 2004: 3). In urban areas, land and housing prices have soared in response to demand from those at the top of the income ladder, creating an expanding affordability gap. This phenomenon is reflected in the high ratios of housing prices to household incomes.

### 2. Discrimination

Women and minority groups face both implicit and explicit discrimination in many housing markets. Implicit discrimination occurs because poverty is higher for women and ethnic and religious minorities, making housing less affordable. Explicit discrimination takes the form of additional barriers to housing based on law and customs.

Improving access and rights to land and housing for women is important because:

• Women often need land and housing for their livelihood, including home-based businesses;
• Ownership of and access to land and housing can decrease poverty, but women do not always benefit from male ownership;
• Female ownership is more likely to benefit children;

- Land ownership decreases women's vulnerability to poverty in the event of divorce or widowhood (So 2003: 6); and
- Poverty levels tend to be high for women.

In many Asia-Pacific countries, women do not have equal rights to housing (see, e.g., Brown & Chowdhury 2002 on West Bengal, India; Brown et al 2002 on Karnataka, India; and Duncan & Ping 2001 on China). Common law systems restricting women's rights to land often render formal legal protections irrelevant, meaning that women are excluded from rights and access to land through inheritance and marital property systems. For example, in many Asian countries only the name of the head of household – a male – is included on the land title or loan documents for a house. (Ibid; see also experience of Habitat for Humanity as described in Weir 2004: 10).

In Pacific Island countries, where customary laws usually dictate land rights within families in favor of men, access to land and housing markets is especially limited for women (So 2005). The UN Special Rapporteur on Housing listed the Pacific as one of the three regions in the world where discrimination against women's rights to land, property and inheritance is the strongest; the other two are the Middle East and North Africa (Habitat

International Coalition 2005: 5).

Housing discrimination based on ethnicity is also prevalent. Indigenous people in Australia face discrimination in housing markets, and the government cites ethnic discrimination as one of the primary causes of homelessness (Parliament of Australia 2002: 4). In India, Nepal and Pakistan, the Dalits ("untouchables") face severe social and housing-related discrimination. In most cases they are still prevented from owning land and are forced to live on settlement peripheries. Studies show that even when Dalits do have access to housing, they usually live in the worst quality houses, often temporary structures with thatched roofs (UN Special Rapporteur on Adequate Housing 2005: 18).

### 3. War and violence

Violence and human rights abuses in the Asia-Pacific region displaced some 2.7 million people by the end of 2005.[11] This number had decreased from 3.3 million in 2004, following a downward trend since 2001. In addition to internally displaced people (IDPs), a further 3.1 million other refugees originated from Asia in 2005. Some examples:

- **Burma and Nepal:** fighting between rebel groups and the government has caused the internal displacement of 526,000[12] and 200,000 respectively.
- **Indonesia:** a government offensive against rebels in Aceh province displaced 125,000 people in 2003.
- **Pakistan:** a military operation to search for suspected terrorists displaced some 30,000 people in 2004.
- **Afghanistan:** fighting between militias delayed the return of approximately 167,000 Pashtuns displaced from the north when the Taliban fell.
- **India:** continued attacks by separatist militants in Kashmir has delayed the return of 250,000–350,000 Kashmiri Hindu Pandits who have left the Kashmir Valley since 1989 due to escalating violence.
- **Sri Lanka:** approximately 360,000 IDPs still exist from civil conflict preceding a 2002 cease-fire, and displacement has recently resumed as the country appears to slide back into war (See also ACHR 2006; and Internal Displacement Monitoring Centre 2005: Sri Lanka Profile).
- **Fiji, Papua New Guinea and the Solomon Islands:** violent conflict over the past two

*"Poverty as manifested in poor housing is not only caused by such violence, it may also be a cause of that violence."*

decades has caused damage to homes and livelihoods.

Violence from war and internal conflicts affects housing conditions in several ways. For example, violence:[13]

- Physically destroys housing structures and infrastructure such as water and gas pipes. Lack of housing and rehabilitation assistance can significantly delay the return of displaced people after conflict resolution (Ibid: 54);
- Causes an exodus of people seeking safety, either in other parts of the same country (IDPs) or in other countries (refugees).[14] These people are often forced to live in "temporary" shelters for many years, often without access to basic necessities;
- Stalls housing production and maintenance, creating further shortages for returning refugees and IDPs;
- Increases poverty and renders even a well-functioning housing market ineffective;
- Increases pressure on urban housing stock

when conflicts take place in rural areas, often expressed through the growth of informal settlements on the urban fringes;
- Impedes the ability of governments to tackle housing issues as they concentrate on reconstruction and reconciliation efforts following war; and
- Reduces the capacity and willingness of banks to extend mortgage financing in the absence of institutional prerequisites, seldom achievable during war or its aftermath.

Poverty as manifested in poor housing is not only caused by such violence, but it may also be a cause of that violence. According to the Internal Displacement Monitoring Centre, many conflicts in Asia that appear ethnic or religious are actually rooted in poverty. Tensions arise when regions or social groups are excluded from upward development. Victims may express themselves politically, sometimes escalating into violence (Ibid: 51).

Some of the Indonesian and Sri Lankan communities hit hardest by the Indian Ocean tsunami were already

**Internally displaced people in selected Asian countries, 2004[15]**
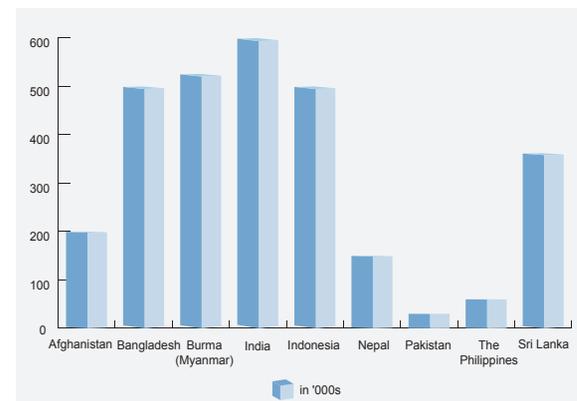


weakened by armed conflict in the years immediately prior.[16] In Aceh, Indonesia, armed conflict exacerbated poverty to the extent that nearly 50 per cent of the population had no access to clean water in 2002 and a third of all children under five years of age were malnourished. The poverty rate more than doubled from 14.7 per cent in 1999 to 29.8 per cent in 2002.

## 4. Disasters

Natural disasters and poverty housing are intricately linked. The poor often live near or on steep slopes, riverbanks, flood plains and by garbage dumps or other hazardous waste sites, in flimsy structures vulnerable to intrusion or destruction by wind, rains, landslides and floods. The relationship between disasters and poverty housing is cyclical: poverty causes people to live in unsafe areas in unsafe houses; the inevitable disasters sink residents more deeply into poverty.[17]

A recent report on disaster prevention in the Pacific Islands describes disasters as "essentially a development problem", and goes on to note a stark lack of preparedness for natural disasters among countries in the Pacific (Magick 2006: 1).

Disasters in the Asia-Pacific region include earthquakes, floods, landslides, typhoons and man-made hazards such as garbage dumps and hazardous waste disposal sites.

- In October 2005, an earthquake in the Kashmir region of Pakistan and India killed upward of 87,000 people and left an estimated 60,000 families homeless (*The Boston Globe* 2005).
- The tsunami that hit the coasts of Myanmar, Thailand, Indonesia, Sri Lanka and India in December 2004 killed over 180,000 people and left at least 1.8 million people homeless (Oxfam International 2005: 1; another 50,000 people are labelled "missing"). In total, 308,000 new homes are needed (Oxfam International 2005: 5).
- In 2001, an earthquake in Gujarat, India, killed an estimated 30,000 people and left 300,000 homeless and without adequate water supplies (ReliefWeb 2002). Most of the people who died in Gujarat were crushed when their stone and mud houses collapsed on top of them in the night (ACHR August 2005: 17).[18]
- In 2000, hundreds of slum dwellers died in landslides in Asia; in Mumbai, India, (Ghatkopcer) a hillside buried residents of two

squatter settlements, a phenomenon repeated in Manila when a high dumpsite collapsed on a squatter settlement (UNESCAP Agenda 21 2003: 17).
- In the Pacific Islands, outside of Papua New Guinea, natural disasters have affected more than 3.4 million people and resulted in 1,747 deaths since 1950 (Magick 2006: 2.

In almost every city in Asia, minor disasters damage or destroy shelter every year. While disasters help draw attention and solutions to poverty housing, the emergent need accompanying them can sometimes divert attention away from underlying problems, and aid flows can create challenges in themselves.

Better preparing vulnerable households and communities can mitigate destruction from disasters. This can be done through the construction of natural barriers and escape routes, by improving access to durable construction materials for housing, by increasing the supply of land for housing that is not located in precarious areas, and

A study conducted by Habitat for Humanity and the Asia Disaster Preparedness Center found that an effective shelter response to disaster relief incorporates three strategies. Failure to implement these strategies in the post-tsunami reconstruction efforts in Indonesia stalled, and in some cases subverted, effective assistance.

**• On-site reconstruction**
On-site shelter reconstruction provides lasting benefits to families and communities, allowing people to restart their livelihoods and communities to recover economically. Government and aid organizations relocated people to barracks and tent camps after the tsunami; this encouraged dependence and slowed community reorganizing and economic recovery. One year later, 190,000 people in Indonesia still lacked permanent housing.

**• Strategic donor coordination**
Coordinating donor reconstruction activities both geographically and according to product and methodology encourages maximum effectiveness and a focus on serving the affected communities. In the aftermath of the tsunami, however, NGOs operated in a highly competitive environment where lack of coordination, hoarding of materials, and a race to win bids for specific communities were the norm. These practices resulted in escalating prices for construction materials, inflated expectations by beneficiary households, new (increased) minimum house size standards by at least one local government, and instances where single households received multiple houses.

**• Community-based disaster response**
This incorporates participatory development principles and strategies.[20] Three approaches are particularly useful in rebuilding housing:

- **Community participation and governance.[21]** The primary role in local planning and activities is best allocated to existing formal and informal governance systems in affected communities. Working with these systems to implement cash-for-work and social business ventures as quickly as possible helps to rebuild the social and economic fabric of the community. Habitat worked closely with village headmen and village committees in Indonesia to plan and implement community shelter strategies after the tsunami. Community participation was especially useful in identifying and verifying land claims in the absence of clear legal records.[22]
- **Progressive housing solutions.** Starting with quality core houses, usually one room, that can be extended fairly quickly saves resources, allows more people to access durable housing faster, and encourages community stability and re-development. Habitat's initial post-tsunami approach was to provide one-room houses with a veranda that could be built incrementally, in two stages. However, government regulations issued some time after the relief efforts began specified that houses must be of a certain minimum size and must be built completely before they are transferred to homeowners. Habitat changed its methods to comply with these regulations.
- **Social business ventures.** Social business ventures are "for-profit business enterprises run by entrepreneurs from the local community principally benefiting the underserved and economically poor in their community." (Weir & Kessler 2006: 6.) Supporting social business ventures in the aftermath of a disaster provides employment and skill-development opportunities, along with needed goods and services (such as skilled construction). Habitat Resource Centers located close to build sites after the tsunami, provided building materials, as well as training and employment in home construction. This proved especially important in light of the scarcity of decent-quality building materials and skilled labor in recovery efforts.

by formally recognizing squatter land rights in order to prevent post-disaster chaos (see Oxfam International 2005). Perhaps the most useful preparation is to establish a disaster response system based on on-site reconstruction, strategic donor coordination, and community-based disaster response.

## B. THE HOUSING POLICY ENVIRONMENT

### 1. Introduction

Government policies bear directly on shelter conditions for low-income communities, together with the social, political and economic conditions discussed above. This section addresses government involvement in housing provision for the poor. It first offers an overview of the evolution of public housing assistance in this region, then more specific information on a number of different policy options related to housing, including the trend toward decentralization of authority for housing, the impact of corruption, regulatory policies, rental sector policies, and forced eviction. Both historic and current housing policy in the Asia-Pacific region varies greatly between and within countries, and the time frames in which different policies have been used often overlap. Many of the policies discussed under the historic evolution are still in place today.

### 2. The history of government intervention[23]

#### 1960s and 1970s: public works and slum clearance

During this period, many governments actively worked to make urban housing more equitable. Interventions included direct housing finance, land development, and construction of housing for rent or sale, and were managed by government housing departments or

ministries of housing established for this reason.

In India, for example, state housing boards were established in conjunction with the formation in 1972 of a "second tier" national housing bank called the Housing and Urban Development Corporation (HUDCO). In Indonesia, the National Housing Corporation (Perumnas), the National Housing Policy Board and the Mortgage Bank were established in 1974. In this year Thailand also set up its National Housing Authority.

The majority of public interventions in housing were conducted by national-level parastatal organizations that operated in a top-down model giving little authority to municipal governments. Projects often took the form of high-rise apartments or single-story units on urban fringes. Problems with these public works projects abounded:

- Unrealistic targets for the number of households that could be provided with subsidized housing;
- Unrealistic standards for the construction of individual units;
- Failure of governments and quasi-government organizations to consult with intended users or study their needs;

- Location of housing projects far from places of work, healthcare and education, leading to a sell-out of the new units by the intended users;
- Restrictive regulations on the use of the dwellings that limited beneficiaries' income-generating potential;
- Payment and rent levels were unaffordable for many occupants, who were thus forced to sell or give up their tenancy; and
- Rapid deterioration of the buildings; they became high-cost slums in just a few years.

Slum clearance programs reflected governments' desire to purge cities of unsightly and unhealthy areas of self-built shack housing. Instead of addressing root problems, slum clearance merely relocated slums. The history of large-scale forced evictions and slum clearance is striking. Seoul's long-term policies leading to the eviction of millions of poor were partially exposed in the lead-up to the 1988 Olympic Games. In 1964, the government of Manila evicted 90,000 people and destroyed their homes in a three-month period. According to one study, nearly 300,000 people in Bangkok were under the threat of eviction in 1985. In Delhi, the government destroyed 150,000 homes as part of its beautification program.

The self-help housing movement in Asia originated in part from persistent government attempts to cut construction costs pertaining to public works housing.[24] By using public resources to help people build their own houses, decision-makers rationalized, more people would be served at a lower cost. First attempts at self-help projects were faulty. Projects were organized from the top down, delegating labor but not decision-making to local communities. Savings in labor costs were insignificant.

### 1970s and 1980s: "sites-and-services" and slum upgrading

The sites-and-services approach grew from experiences with public works and organized self-help, along with a growing recognition of slums as centers of economic activity and home to an important labour force in most cities. Authorities began to acknowledge potential gains in real-estate taxes from regularizing slum property. In a typical sites-and-services project, the government supplies land, basic infrastructure and services, while families build their own homes. The World Bank's involvement in sites-and-services programs in Asia re-enforced the concepts of scaling up and "full cost recovery" in the housing sector. In ending or limiting subsidies, however, programs often generated housing

*"Instead of addressing root problems, slum clearance merely relocated slums."*

that was not affordable to a large percentage of the poor (UN-Habitat 2005: xxxiv). [25]

The early designs for sites-and-services and slum upgrading projects resulted in several problems. Perhaps the greatest of these was that local communities had little or no input in decision-making. As a result, beneficiary communities seldom had a sense of ownership in the projects, and public amenities often quickly deteriorated. Upgrade projects also resulted in tenant displacement when landlords raised rents to capitalize on increased housing values (Ibid).

Slum upgrading projects have evolved significantly since the 1970s. One of the most important changes has been an increased focus on community participation. The Sri Lanka Million Houses Programme, begun in 1973, is credited as the first national housing strategy in Asia that placed decision-making in beneficiary communities (UNESCAP 1998: 19). Participatory approaches were also adopted by the Kampung Improvement Project in Indonesia and by land-sharing programs in Thailand (Ibid: ch. 4, p. 4).

### 1990s to present day: "enabling markets to work" and the evolution of slum upgrading

In the 1980s and 1990s, many governments in Asia pulled back from direct supply-side housing assistance, channelling resources instead into mobilizing support for low-income housing from the private sector, NGOs, and beneficiary communities. This enabling paradigm grew not only from a belief in the efficiency of the private and community sectors, but also from financial necessity: governments simply could not afford to meet the need for adequate housing. In fact, governments have coupled the adoption of enabling strategies with "momentous downsizing" of housing entitlements to the poor across the region (Davis 2006: 72).

Enabling strategies shift resources away from cumbersome bureaucracies and high-cost projects and toward community and NGO-driven solutions with local participation, lower costs and higher efficiency.[26] This strategy has led to rising NGO and community involvement in housing strategies. "Enabling" is a dominant paradigm for public housing strategies in most Asia-Pacific countries. Multilateral development banks, the UN and other organizations have played an important role in promoting and proliferating this strategy.[27]

Enabling theory rests on the assumption that if markets are allowed to function effectively, they will deliver more housing options to the poor than would be possible through direct government intervention. This does not mean that housing markets work perfectly, but rather that they function more efficiently and to greater societal benefit than any other method of housing delivery.[28] By reducing bureaucratic regulations and ineffective subsidies, governments can remove market impediments and increase the efficiency with which the private and community sectors are able to provide housing. The enabling paradigm embraces the way that poor people actually manufacture shelter: through self-building and over time, often in opposition to current policy and regulatory regimes. When governments change their policies to accommodate this reality, argue enablers, they are often able to co-opt informal markets into the formal sector, thereby improving the value of housing for the poor, improving urban planning and bringing considerable property value into the tax base.

## Components Of An Enabling Housing Regime[29]

- **A strong property rights regime**
  Secure property rights are an essential component of the enabling strategy. Lack of secure rights in informal settlements in the Asia-Pacific region has crippled investment in housing and the growth of housing as an asset value for the poor.[30] To strengthen property rights, governments should extend secure tenure rights to squatters; improve and simplify land registration and adjudication systems; and cease evictions and demolitions without government compensation.

- **Well-targeted subsidies**
  Nearly all governments in the Asia-Pacific region subsidize housing. The issue is what form of subsidy is most effective.[31] A subsidy fits in well with an enabling regime if it:

  - Is transparent and measurable;
  - Contains finite and predictable costs;
  - Resists inflation;
  - Could be widely replicated;
  - Is progressive; and
  - Lends itself to effective administration.

  With an eye to this checklist, enabling theory favors demand-side subsidies such as lump-sum payments to first-time homebuyers.Housing allowances and rent supplements are also acceptable. On the supply side, land tenure and infrastructure assistance enable housing markets to work better for the poor. Another possibility is one-time grants for housing rehabilitation or improvement.

- **Extended trunk infrastructure**
  By extending trunk infrastructure to informal settlements, governments can increase the supply of urban land available for low-income housing. Enabling theorists encourage cost recovery through user fees and increased real estate tax on improved property.

- **Improved regulatory regime**
  This means, for example, eliminating construction regulations that do not further health and safety or assure a minimal housing quality standard. Zoning, land-use planning and subdivision regulations should be carefully scrutinized and streamlined or eliminated where possible. Government regulations should enable a large variety of housing finance institutions and should not ration credit or attach subsidies to mortgage finance.

Current slum upgrading projects involve regularizing land and providing basic services to allow residents formal access to land, housing and housing markets. By regularizing land and ensuring secure tenure, governments provide residents with incentives to improve their homes. Neighborhoods are also actively involved in planning and resource mobilization. In addition, city development strategies are created by government officials to provide for the systematic improvement of services and infrastructure. Other aspects of slum upgrading might include:

- Removal or the mitigation of environmental hazards;
- Providing incentives for community management and maintenance;
- Constructing or rehabilitating community facilities;
- Home improvements (e.g., upgrading materials, expansion);
- Improved access to healthcare and education;
- Enhancement of income-earning opportunities through training or microcredit; and
- Crime control.

### 3. Current issues

Five issues and trends can be said to relate to governments' capacity to support better housing conditions for the poor in the Asia-Pacific region. Two of these – decentralization and corruption – relate to government competence, while three – regulatory policies, rental sector policies and eviction policies – relate to policy choices.

## Decentralizing authority and increasing community participation

A process of general decentralization is taking place in the majority of Asian countries, resulting in a transfer of greater authority over urban development to municipalities, but not always greater resources (Satterthwaite/ACHR 2005: 6). Decentralization can result in local governments that are stronger and more responsive to the shelter needs of poor communities, as well as growth of civil society and engagement of poor communities in urban planning and project implementation (UN-Habitat 2006: 171). In some cases, however, decentralization has shifted power to the hands of local elites whose interests are opposed to those of the poor (Ibid).[32]

Local governance seems to work best when guided by strong central policies on decentralization, fiscal transfers, municipal elections and community participation. Through these policies the center establishes an enabling basis for local governments to pursue slum upgrading and

*"Local governance seems to work best when guided by strong central policies on decentralization, fiscal transfers, municipal elections and community participation."*

other pro-poor shelter initiatives (Ibid). The more highly organized the urban poor, the more they will be able to take advantage of shifts toward greater democracy at the city level (Satterthwaite/ACHR 2005: 23-24).

Shifting resources and authority for housing between public entities frequently results in a lack of transparency and coordination. Responsibility for urban development in Asian cities is often shared between multiple agencies at multiple levels of government, with little coordination between them (Ibid: 5).

## Corruption

Corruption is one of the most serious impediments to developing and implementing sound public policy on poverty housing in many parts of Asia. As land values have soared in cities, the nexus between real estate developers, politicians and bureaucrats has strengthened, lending to an environment of corruption in which by-laws and zoning regulations are easily violated (Habitat

International Coalition 2005: 4; Satterthwaite/ACHR 2005: 5). Such an environment often acts against the housing interests of low-income communities (Ibid: 15; see also UN-Habitat 2005: x1vii).

On a smaller but equally destructive level, corruption takes the form of bribes required to develop land and build or improve housing. Where bribery is the norm, the poor are disproportionately impacted compared to the rich, regardless of what is in the best interests of the community as a whole.

### Regulatory policies on land-use management, zoning and urban expansion

Regulations on construction, urban planning, land registration, housing finance, and other aspects of housing and land markets throughout the region seldom take into account resource limitations for the poor. Because compliance with these regulations raises housing costs to a level that excludes most poor people, informal housing markets (where most of these rules do not apply) burgeon.

Examples of regulations that raise housing costs include:

- **Construction standards:** These are often based on those from developed and industrialized countries, and fail to take into account physical, social and climate-related conditions in Asian cities (see generally Angel 2000: 157-8). By adopting standards and regulations for construction designs and methods that are better suited to the needs and economic capacity of the poor, governments in the region could significantly reduce housing costs for low-income groups (Satterthwaite/ACHR 2005: 12; Sheng: 2; see also UN-Habitat 2005: x1vii).

- **Development permits:** Lengthy delays for permits slow the market's ability to respond to increased demand and artificially inflate land values (Angel 2000: 149 et. sec.). Making approval procedures transparent and short would eliminate an impediment to housing development.

- **Land registration:** Procedures are often complex, time-consuming and prohibitively costly for the poor (Vance 2004: 125).
- **Planning regulations:** Those that restrict growth often raise the price of housing within growth boundaries, and so can exclude the poor from housing markets close to urban centers (Angel 2000:154). Residential zoning regulations prohibit people from operating businesses from within their homes. Home-based industry, including single-room rentals, is an important source of income for many low-income households. Revising zoning regulations to encompass both economic and residential uses would assist poor households with housing and with income generation.
- **Financial regulations:** These may prohibit institutions from lending for plots of land lacking completed housing (UN-Habitat 2005: 99).

The paradox is that in regulating the formal sector to ensure health, safety, property values, aesthetics

and environmental sustainability, governments have raised insurmountable barriers for most of the poor. This contributes directly to the growth of slums and squatter settlements that threaten health, safety, property values (in some cases), aesthetics and environmental sustainability.

The question for governments is what level of regulation will best strike a balance with affordability. (See UN-Habitat 2006; 58-60, noting that lack of regulatory enforcement in informal settlements results in injury, death and destruction of property, but that gains in compliance and durability often mean losses in affordability.) In some cases the best resolution to this question may be a range of regulatory standards that varies among communities of different economic capacities.

## Rental sector policies

Few governments in the Asia-Pacific region have paid attention to housing policies for the rental sector, despite its importance to the poor. Governments could strengthen

this sector by first learning more about the needs of both landlords and tenants in low-income rental housing. UN-Habitat produced a list of ways for governments in developing countries to motivate improvement and expansion of the small-scale rental sector, including:[35]

- Subsidizing low-income landlords who rent out one or more rooms of their house;[36]
- Providing incentives to single-home landlords to create rental rooms in a slum upgrading context, through microfinance loans and/or subsidies;
- Changing planning regulations that prohibit rental rooms due to restrictions on maximum plot usage and/or restrictions based on density. Such changes may be necessary to facilitate construction of extra rooms in a slum upgrading context.
- Clarifying and strengthening legal protections for both landlords and tenants, including use of standard written leases and establishing dispute resolution procedures and tribunals

accessible to low-income people.

## Policies related to forced eviction and relocation

Cities in the Asia-Pacific region have a long history of forced eviction,[37] despite the fact that most countries are signatories to several international agreements to stop evictions.[38] Many municipal governments have shifted policies in recent years toward tolerance of illegal settlements (Satterthwaite/ACHR 2005: 21). Some governments opt for alternatives to forced eviction because it is often not physically or politically easy to evict poor families, especially when communities are organized. For both government and private landowners, eviction is "messy, time-consuming, expensive, bad for the conscience and bad for the image." (ACHR 2005: 38, for the case against eviction in Thailand.)

Large-scale evictions have never disappeared, and in some countries they are on the rise. Some examples:

- Between December 2004 and January 2005,

the city of Mumbai demolished 80,000 homes, rendering 300,000 people homeless (UN Special Rapporteur on Adequate Housing 2005: 10). The government provided little if any advance notice, used violence, and burnt or damaged the property of many residents. The city's chief minister explained that the evictions were necessary to create a future "world-class city." (Ibid.)

- In December 2003, in Calcutta, the West Bengal government and the Calcutta municipality used policemen and paramilitary forces to forcefully evict 75,000 people from canal-side settlements (ACHR Current News 2003: 6). Evictees were provided with neither notice of eviction nor resettlement options (Ibid).
- In Jakarta, municipal guards, policemen and bulldozers evicted at least 15,000 people during the fall of 2003 (Ibid: 7).
- In Japan, the city of Nagoya forcefully evicted 3,000 homeless people living in parks and riversides in January 2005 (ACHR Current News 2005).
- In Shanghai, the Chinese government demolished approximately 850,000 households and evicted 2.5 million people between 1993

and 2003 (Macan-Markar 2006). The Centre on Housing Rights and Evictions (COHRE) estimated that 60,000 additional Shanghai residents would be evicted in the near future (Ibid).

Governments have often attempted to justify forced evictions as being in the "public good" or the "national interest." The benefit, however, usually goes to the wealthy and powerful while the costs accrue to the poor who are removed to less desirable locations (Satterthwaite/ACHR 2005: 12). Governments in Asia have also forcefully evicted people to attract global capital and to manufacture a polished image for major events such as the Olympics.

It is common for both public authorities and private parties to evict people to allow for commercial development and for redevelopment of urban areas. Industrialization leads to increased demand for land for industrial, commercial and middle-class residential use. In a 2003 study of eight Asian cities, the Asian Coalition for Housing Rights found that this has resulted in forced evictions of poor communities from land in or near city centers and relocation (formally or informally) to land on urban fringes. When legal housing settlements

are expropriated for redevelopment, homeowners are given little compensation (rarely enough to buy a home of comparable size to the one they owned); tenants and squatters are often given nothing.

Another important cause of forced eviction is the construction of major infrastructure works such as dams, roads and mining activities (UN Special Rapporteur on Housing 2005: 10). In China alone, at least 10 million people have been relocated since the 1950s for hydraulic and hydroelectric projects (Ibid).

Even volunteer relocation programs frequently fail because they tend to consign people far from places of work, education, recreation and decent health facilities. Increased transport time and costs to and from work cause economic stress and social disintegration as people are forced to spend less and less time with their families (Satterthwaite/ACHR 2005: 5).

The cost of forced eviction is high. It wreaks physical, economic and psychological damage on evictees, especially children. It destroys people's chief economic asset, distances or severs them from their means of employment, and uproots them from their community safety net. In its Global Campaign for Secure Tenure, UN-

Habitat argues: "It is the perceived or real threat of forced eviction that does most to trap an area in slum conditions and a cycle of poverty, as any initiative and investment is inhibited by the threat." (UN-Habitat 2000: sec. 2(2).) More destructive than the eviction itself may be the fear of eviction, which undermines the confidence of slum residents and reduces incentives to improve dwelling structures (UNESCAP 1995: chapters 4-5; see also UN Special Rapporteur on Housing 2002).

Insufficient legal protection against eviction compounds the situation, as the rights of the poor in eviction cases are often not clearly defined in law (UN-Habitat 2000: 56; UN Special Rapporteur on Housing 2002). Even where anti-eviction laws exist, "The lack of knowledge of occupants about their rights, the lack of community-based paralegals to assist people and problematic justice systems, make occupants vulnerable to eviction and exploitation." According to the UN, "Anti-eviction laws should be passed by all countries to protect low-income groups, who should also be given training in their rights..."(UN Best Practices Handbook 2003: 27).

While some degree of redevelopment in city centers may be of net benefit to society in the long term, the way in which people are evicted from their homes in the process causes unnecessary harm. Evictors seldom give warning to the evicted, consult with them, or provide adequate compensation or resettlement (UN-Habitat 2000: 58). The urban poor would suffer less harm if they had greater influence in determining what will happen to their settlements. This would mean, first, seeking solutions that avoid relocation and, if this should fail, looking for relocation options that would actually increase the welfare of the people who are forced to move (Satterthwaite/ACHR 2005: 18).

## C. MARKET CONDITIONS AND HOUSING OPTIONS

### 1. Land shortages

Urban land shortages, reflected in high land prices in most of the region's urban areas, exclude the poor and often the middle class from housing markets. The demand for land has increased rapidly in most urban centers and is expected to continue to do so (Jack 2006: 8). Because the supply of land is limited, and sometimes restricted, land prices continue to rise.

High land prices affect the ability of poor people to access adequate housing in two ways. First, when land prices rise relative to wages, land and housing become increasingly unaffordable to low-income households. Relative land prices (adjusted for local income levels) are higher in Asia than anywhere else in the developing world. They are 10-20 times higher than relative land prices in Africa, and roughly on par with absolute land prices in highly industrialized countries (although much higher in relative terms) (Flood 2001: 8). As land prices rise, the poor are priced out of formal markets, forced instead to find housing in informal markets on urban fringes or in overcrowded slums within cities.

Second, increasing land prices fuel speculative practices, in which investors hold real estate vacant as investment property until they want to sell it. This is contrary to the interests of the urban poor whose ability to find adequate housing at a reasonable price depends directly on the available supply. The practice restricts land available for housing and causes price rises for real estate in current use, feeding the cycle of soaring prices.

Finally, speculation has factored strongly in inflationary real-estate cycles in Asia that lead to general economic recession, which in turn hurts the poor.

The 1997 financial crisis in Thailand, for example, was predicated on years of speculative building that resulted

in significant over-supply.[39] The supply of new housing units offered in Bangkok dropped from 253,000 in 1994 to 1,000 in 1998. The combination of falling prices and speculative building resulted in a crash in the housing finance market, to the extent that over 30 per cent of all housing loans were nonperforming in 1997. As a result of the crisis, commercial financing firms withdrew from the mortgage market, but the government housing bank assumed some of this vacated market share to fulfil government objectives of extending home ownership.

Some observers frame this problem not as a shortage of land for housing in urban areas, but rather as a shortage of reasonably priced buildable land. Cities and low-income groups may simply be unable to afford the prices the market commands. In its 2003 study, the Asian Coalition for Housing Rights found that the pattern of low-income housing development in precarious or unsuitable zones is not necessarily due to the lack of other more suitable sites for housing development, but to the cost of this land

to either individual poor households or to government agencies who might seek to redevelop it for the poor (*see* Satterthwaite/ACHR 2005: 15).

Because expanding formal-sector land supply is critical to increasing formal sector housing options for the poor, measures to expand the land supply merit high priority. In addition to pursuing direct land acquisition schemes (which are costly and have been unsuccessful in many cases), regularizing land tenure in informal settlements and mitigating speculation where possible, governments can focus on the construction of infrastructure such as roads, water supply and drainage to open new land for urbanization (*see* Angel 2000: 132-48).

By using land-use planning tools to establish trunk infrastructure prior to housing construction, governments can accrue several advantages, including:

- Guiding the location of new housing;

- Spending much less money than would be required to provide the same infrastructure retroactively;
- Avoiding costly and disruptive relocation of settlement residents for infrastructure, schools and transportation; and
- Assisting many more poor people in acquiring adequate housing than would be possible with direct housing construction (UNESCAP 1995: ch. 7, p. 3.)

**2. Lack of financing**

Access to financing

One of the greatest impediments to adequate housing for the poor is lack of access to financing. When housing finance (including mortgage and microfinance loans) is available, households are able to leverage a relatively small amount of personal resources to purchase their

home. Effective housing finance markets thus expand the possibility of home ownership to the middle and (sometimes) lower income brackets. If households had to pay the entire market price of a home up-front, very few would ever become homeowners. Although housing finance is often contemplated in the context of housing purchase, it can also provide capital for improvements to existing housing.[40]

In order to improve access to housing finance, governments have employed a variety of policy measures, including interest rate subsidies on housing loans, tax exemptions, promotions of mortgages and the secondary mortgage market, support for community-based financing institutions and housing co-operatives, and bank quotas to encourage investment in low-income housing by commercial banks and private developers (UNESCAP Agenda 21 2003: 10).[41] Despite these measures, access to formal sector housing finance is still largely unavailable to the poor.

## Housing Costs In Affluent Countries Exclude The Poor

In affluent countries in the Asia-Pacific region, such as Australia, New Zealand and Japan, low-income people face increasing difficulty accessing adequate housing, especially in the private rental sector. Housing affordability in Australia is at an "all-time low" according to a 2002 Parliamentary report, resulting in increased homelessness and overcrowding (Parliament of Australia 2002: 2-3). Average housing prices in Australia more than doubled in nominal terms and rose approximately 80 per cent in real terms, between 1996 and 2004 (Australian Government Production Commission 2004: xiv). A continuing decline of low-income housing stock has contributed to this problem, which affects private sector renters most severely (Parliament of Australia 2002: 3). In New Zealand, housing affordability has steadily decreased in the last 15 years, especially for renters (DTZ Research 2004: 44).

Several factors exacerbate this shortage in Australia. One is the small and decreasing levels of public supply-side assistance. Australia has a public rental rate of 5 per cent, lower than any developed country except for the United States (Coalition of Non-Governmental Workers of Australia 2004: 12). Other factors are land speculation and rapid appreciation in urban areas. Low-income tenants are often priced out of the market as economic growth pushes up the demand for housing (Ibid; Parliament of Australia 2002). For example, favorable tax conditions have encouraged the market for second homes, thereby reducing the housing supply in many locations.

Homelessness in these countries is also on the rise: in Tokyo the number of homeless reached 5,700 in 2001, double what it had been five years before (Prusher 2001)[42]; In Australia the number had crept upward to 74,280 homeless households in 2001 (Parliament of Australia 2002: 4). In Japan, homelessness is closely correlated with age and most of the homeless are in their late 50s or older (Prusher 2001). In Australia, young people aged 12-24 and indigenous people have the highest incidence of homelessness (Parliament of Australia 2002: 4).

Many developed countries have largely restricted general housing subsidies and deregulated the housing market in recent years (UN-Habitat 2005: 56). In New Zealand, traditional housing subsidies and tax relief have been replaced with market rents and prices coupled with an "accommodation allowance" to low-income households, regardless of housing tenure (Ibid). According to the UN, the large drops in general assistance have resulted in a significant decrease in both private and public sector output (Ibid). Although demand-side assistance such as vouchers and tax relief may ease access to the housing markets for some low-income households, the impact of these measures is still largely unclear.

Housing finance markets are important not just for extending loans to homebuyers, but also for increasing developers' access to funds for construction, which in turn increases the housing supply (see, e.g., Sheng: 3).

Housing finance is usually equated to mortgages, but mortgage financing has little relevance for the poor. In the developing countries of Asia, up to 70 per cent of the population cannot afford mortgages (Ibid: x1iv; see also Ferguson 2004: 16, stating that in emerging countries typically fewer than 20 per cent of households — and often fewer than 10 per cent — can afford a traditional mortgage). Many who can afford mortgages work in the informal sector and cannot provide the proof of employment security required by most mortgage institutions (UN-Habitat 2005: 81).

As a result, the current trend in the Asia-Pacific region is away from increasing access to traditional-style mortgages (see, e.g., UN-Habitat 2005: xxv). Governments, donors, NGOs and the private sector are shifting their focus to a wide range of alternative microfinance products and community development financing schemes.

Any discussion of housing finance for the poor merits two final qualifications. First, incremental building is the way that the poor informally finance housing construction and improvement. The UN estimates that incremental building accounts for 70 per cent of all housing investment in developing countries (UN-Habitat 2005: x1i). Building incrementally allows a household to piece together shelter as payment capacity allows, without taking out a loan that might or might not be payable in the future.

While building incrementally offers critical economic flexibility to the poor, it also carries significant disadvantages. It leaves occupants physically vulnerable to weather conditions and construction safety hazards. Also, it is often more expensive over the long term because frequent replacement of make-shift, disposable construction materials is more expensive than the single purchase of higher quality, more durable materials (see, e.g., UN-Habitat 2005: xxv).[43] One study found that the costs to pavement dwellers in India of annually rebuilding their homes using temporary materials were equal, over a 20-year period, to the costs of annual payments on a house costing 40,000 Rupees (approximately US$910) (UN-Habitat 2005: 10, citing to Homeless International Dialogue, "Risk and Investment in Urban Communities Around the World," Sept. 2002).

Second, the entire discussion of housing finance applies to those who possess land rights and/or housing in the formal and informal sectors; it rarely applies to the 33 per cent of urban residents in the Asia-Pacific region who rent. Improving access to housing finance may allow some percentage of renters to buy their own housing, but many are simply too poor to benefit from housing loans on any terms. Renters may benefit from community funds (see below) used to bring basic services to slum communities, but are sometimes also displaced from their lodging by higher housing values that result from such projects.[44] Renters may also benefit from financing policies and programs that encourage construction of single rental units within individually-owned houses in the informal sector, as long as such programs do not result in rent hikes. Understanding the effects of any housing improvement system on renters, who often constitute the bulk of those in absolute poverty, is extremely important and merits further study.

## Types of housing finance

Three principal types of financing are available for slum

**Housing financing options**

| | | Mortgages | Microfinance | Community Funds |
|---|---|---|---|---|
| High income | | X | | |
| Middle income | | X | X (lower middle income) | |
| Low income | Relatively poor | | X | |
| | Moderately poor | | X (some programs) | X |
| | Extremely poor | | | X (some programs, although often not affordable, and benefit to renters is unclear) |

housing improvements: mortgages; microfinance; and community development funds.[45]

*Mortgages:* Mortgage markets are stronger in some developing countries in the Asia-Pacific region than in others. For example:

- **Thailand**: Mortgage markets grew quickly between 1985 and 1995, shrank sharply in the late 1990s, and are once again growing.
- **Indonesia**: Mortgage lending also rebounded after the late 1990s and has continued to increase through 2005, although mortgage levels are still very low (Asian Development Bank Technical Assistance Report 2005).[46]
- **India**: The mortgage market is characterized by a prolific number of lending institutions (370 by one estimate) which, as a group, play an insignificant but growing role in housing finance. Mortgages equal only 2 per cent of India's GNP. (UN-Habitat 2005: 72. For comparison, mortgages equal 13 per cent of the GNP of South Korea.)
- **Pakistan** and **Bangladesh**: Mortgage finance has been weak (Ibid).

- **Philippines**: Mortgage transactions are on the rise, with the government reporting that 2005 was a record year for housing finance in both the formal and informal sectors (Office of the Vice President of the Philippines 2006). The Community Mortgage Program targets lending to lower income households.
- **China**: The transition toward homeownership has opened the possibility for mortgage financing, but it is difficult to assess both the level of private housing and the degree of mortgage financing. In 2005, the government's Housing Provident Fund program, intended to motivate home purchase, extended to 69 million participants in approximately 650 cities and raised 141 billion yuan (approximately US$17 billion). Only 10 per cent of this amount had been distributed as mortgages, however, due largely to affordability problems (UN-Habitat 2005: 73).

In each of the countries discussed above, mortgages do not generally reach the poor because:

- People cannot afford either a down payment or monthly payments;
- Inflexible payment schedules render long-term repayment difficult for informal sector workers;
- The informality of the housing and employment markets available to the poor preclude qualification for commercial mortgage financing;
- Low-income groups may distrust the banking system;
- There is an institutional bias toward larger loans, which reduce transaction costs;
- Banks are only prepared to lend for a short period of time or for a small portion of the house price due to limited access to long-term loan funds; and
- Institutional shortcomings in titling and

*"MFIs have increasingly viewed housing as a production asset, rather than as a consumption asset."*

foreclosure systems (see UN-Habitat 2005: 69-70; Asian Development Bank Technical Assistance Report, Indonesia, 2005).

Many governments in the Asia-Pacific region subsidize mortgages to pursue broader policy objectives, such as increased economic growth and reducing barriers to home ownership. Methods to extend mortgage financing to lower income groups include reducing interest rates, expanding secondary markets, adopting measures to minimize risks to lenders, and offering down payment subsidies to reduce mortgage size.

Enabling theorists and development banks prefer housing subsidies that are direct and transparent, and that interfere as little as possible with the development of commercial financing markets. They favor one-time down-payment grants, for example, over ceilings on mortgage interest rates, arguing that the latter forces commercial lenders to implicitly subsidize each mortgage for the difference between commercial rates and the mandatory ceiling, and often proves an unsustainable "tax" that stunts the growth of a diverse commercial financing market (see, e.g., Angel 2000: 122). Although mortgage subsidies are still widely used throughout the region, many governments have abandoned them at donors' urging (Ferguson 2004: 31). Government subsidies for mortgages usually do not help those at or below the poverty level. Even where housing finance institutions, NGOs and others have actively sought expansion into lower-income markets, they have often failed to help this segment of the market.

However, poor households may benefit indirectly from expanded mortgage opportunities. Mortgages can help middle-income households access adequate housing, thereby relieving pressure on the housing supply available for lower income groups (Sheng: 3 for latter point).

*Microfinance:*[47] Microfinance for housing has grown significantly in the Asia-Pacific region over the past decade (UN-Habitat 2005), and is one of the most promising trends for shelter improvement. Arising from the tradition of enterprise microfinance pioneered by Bangladesh's Grameen Bank in the 1980s, housing microfinance has expanded for four primary reasons (Ibid):

- Microfinance lenders realized that borrowers often used a substantial portion of their enterprise development loans for housing improvements;[48]
- Microfinance institutions (MFIs) sought to become more financially viable by expanding their markets through a new niche (housing loans);
- Enterprise MFIs began using housing loans to motivate repeat clients to repay smaller, shorter-term enterprise loans; and
- Perhaps most importantly, MFIs have increasingly viewed housing as a production asset, rather than as a consumption asset (see generally De Soto 2000). Improved housing conditions can increase household income directly through the addition of a rental room or a new space for a home-based enterprise, or indirectly by allowing household members to spend less time and money on repairs and maintenance or on procuring basic services such as water.

*Microfinance characteristics and products:* Housing microfinance products and institutions vary greatly; innovation is constant. Providers include NGOs, commercial banks, governments and construction material suppliers, who may offer up to 12 months' credit to low-income clients for home improvements (Ferguson 2004: 3; Escobar & Merrill 2004: 37). Typical characteristics include:[49]

- **Small loan size:** Based on capacity to repay, loan size varies greatly, but typically ranges from US$300-US$600.

- **Short repayment period:** one to ten years
- **Cost recovery:** Loan pricing often aims to cover the real costs of providing the service. However, some MFIs offer lower interest rates on housing loans than on microenterprise loans, effectively cross-subsidizing one program with the other. Also, many housing MFIs rely on blended funding strategies that include public and/or donor subsidies, although the trend may be toward greater independence and linkages with commercial financing institutions.
- **Alternative collateral:** Many loans are not heavily collateralized, and collateral substitutes are often used. In general, the smaller the loan size, the less importance given to securing it with a title; at most 25 per cent of major MFIs require land title as collateral (Vance 2004: 135).[50] A review of housing microfinance experience in several countries showed that cost recovery for unsecured loans with some form of guarantee was equal to that for loans secured with title (Ibid: 124). In lieu of traditional collateral, many MFIs rely on a client's history, such as the successful repayment of a microenterprise loan, prior to lending for housing. Co-signing is another common practice (Ibid 2004: 144). Another way that MFIs establish both the ability to pay and a collateral base is through mandatory savings requirements (see Ibid: 140-41). Group lending models popular for microenterprise loans have not proven so with housing microfinance, and the trend in the Asia-Pacific is toward individual loans (Escobar & Merrill 2004: 50). Group lending strategies may still be used to reach the most poor, however (see the section below on Community Funds).[51]
- **Incremental building:** Loans usually go to finance shelter needs incrementally,[52] and so accommodate progressive building methods. This is one of the chief advantages of housing microfinance. [53]
- **Linked to microenterprise lending**: Beginning with a very small microenterprise loan, even extremely poor households are able to establish a payment history while simultaneously improving their economic status, eventually making them eligible for more sizeable, longer-term housing loans.

Housing microfinance sometimes accompanies slum-upgrading programs: governments provide basic infrastructure to the slum community, and the government or an independent MFI offers small loans for house improvements (UN-Habitat 2005: 106-8).

*Microfinance funding strategies and innovations:* Housing MFIs are developing a variety of ways to confront one of the major hurdles to scaling up: a shortage of funds (UN-Habitat 2005: 117-18). Sources of capital include savings deposits, donor funds, foundation funds, state funds, international funds (from the International Finance Corporation and other institutions), commercial finance institutions and internal cross-subsidies (higher interest on microenterprise loans) (Escobar & Merrill 2004: 44-52). Most housing MFIs use several funding sources.

- **SEWA:** uses savings deposits to leverage funds from the public and private sectors (Ibid: 48).
- **SPARC:** uses a combination of savings accounts, foundation and public funding, and credit from a commercial investment fund (Ibid: 49).
- **CARD:** relies on savings for 60 per cent of its funds, while 30 per cent come from a commercial bank (the People's Credit and Finance Corporation) and 10 per cent from foundations such as Catholic Relief Services and the German Savings Bank Foundation (Ibid: 48).
- **Grameen:** considered more highly subsidized than many MFIs, relying on donor and

**A closer look at five major MFIs**[54]

| Housing microfinance institution | Product description and loan terms | Funding strategies | Other practices |
|---|---|---|---|
| **SEWA (Self-employed Women's Association) Bank, India** | US$300 5 years | • Mandatory savings<br>• Donor funds<br>• Foundation funds<br>• Public funds | • Cross-subsidy from microenterprise lending program (interest on housing loans is lower)<br>• Co-signers<br>• Women borrowers<br>• Counselling and borrower education |
| **SPARC (Society for the Promotion of Area Resource Centers) India** | Not distinguished from microenterprise loans (small amounts, flexible repayment, exact numbers not available)[55] | • Mandatory savings<br>• Donor funds<br>• Foundation funds<br>• Bank funding/ partnerships<br>• Public funding | • Group loans<br>• Women borrowers<br>• Counselling and borrower education |
| **CARD (Center for Agriculture and Rural Development) Philippines** | US$350 12–20 months | • Mandatory savings<br>• Donor funds<br>• Foundation funds<br>• Deposits<br>• Bank funding/ partnerships<br>• Credit enhancement | • Group loans<br>• Women borrowers<br>• Counselling and borrower education<br>• Loan history (previous microenterprise loan) |
| **BRI (State-owned Bank Rakyat Indonesia)** | Up to US$5,500[56] 3–36 months | • Deposits | • Cross-subsidy from micro-enterprise lending program<br>• Loan history (previous microenterprise loan) |
| **Grameen Bank, Bangladesh** | US$600 10 years | • Mandatory savings<br>• Donor funds<br>• Foundation funds<br>• Deposits<br>• International investors/ International Finance Corporation | • Cross-subsidy from micro-enterprise lending program<br>• Co-signers<br>• Women borrowers<br>• Counselling and borrower education<br>• Loan history (previous microenterprise loan) |

foundation funding, international investors, and on subsidized borrowing from the Central Bank of Bangladesh,[57] in addition to its own savings deposits (Ibid: 48-49).

*Community Funds:*[58] Community funds are subsidized loans to groups of people in slum communities for infrastructure improvements and sometimes for housing. Community funds usually include a savings component, establishing or strengthening local savings groups to provide financing for development projects. Communities, NGOs and governments realized:

- Many of the poor in Asia, especially those living in extreme poverty, are not able to access mortgage or even microloan financing for housing;
- Scant public and NGO resources are best spent providing basic infrastructure access and build-able lots, rather than houses; and
- Using subsidized loans rather than grants to finance at least part of the project costs leverages each subsidy dollar further. Community funds are most appropriate for established communities.

Community funds differ from many microfinance lenders in that they prioritize poverty alleviation and neighborhood development over financial independence. Loans are generally secured collectively; this sometimes allows services to reach the poorest households.[59]

Almost all community funds are subsidized by the state or by international development organizations. These reach communities through interest rate subsidies, project support such as technical assistance, and "unintended" subsidies in the form of delayed payment or default. In some cases, community funds

## Innovations In Microfinance: Linkages With The Formal Financial Sector

MFIs are increasingly working with commercial lending institutions to increase their access to capital, and in some cases to reduce risk and increase liquidity (*The Economist* 2005: 10).[60] By working with MFIs, large banks are able to expand their client base while taking advantage of lower transaction costs and reduced risks (Vance 2004: 144). While some large banks are getting involved with microfinance for philanthropic reasons, others (such as Citigroup) view microfinance as a source of future profit (*The Economist* 2005: 10). Citigroup relies on local MFIs to procure clients and, in 2005, worked with these institutions in 20 countries (Ibid: 12). In India, SPARC and SEWA have leveraged funding from mainstream banks for their housing microfinance programs, although bank funding has not yet proved a major source of liquidity (Escobar & Merrill 2004: 46). In the Philippines, CARD has benefited from a partnership with the People's Credit and Finance Corporation (Ibid).

may also access commercial bank funds. In India, the CLIFF program (Community-led Infrastructure Financing Facility, a combined effort of SPARC, the National Slum Dwellers Federation, Mahila Milan and international donors) assists urban poor communities to become strong enough to borrow from banks.

Group loans give the poorest within slum communities access to basic services, such as clean water and sewerage. Such projects are initiated either by communities or by governments or NGOs. One of the most well-known community fund organizations is Shack or Slum Dwellers International (SDI), a network of NGOs and local communities focused on providing the poor with savings and lending opportunities for shelter improvement. SDI operates in many Asian countries. In Cambodia, the Philippines, Nepal and Sri Lanka, SDI groups make loans to local community savings schemes.

Community funds have often accompanied slum upgrading programs. For example, the municipality may provide utility trunk infrastructure to the community's outer boundary, requiring the community to install its own pipes and connections (a "component sharing"

model) through its own fund.

An example of component sharing is the Orangi Pilot Project in Karachi, Pakistan,[61] which provides good quality sewers at very low cost to individual low-income households in informal settlements. Local communities finance internal sanitation, such as in-house latrines and neighborhood collective sewers; an NGO (the Orangi Pilot Project Research and Training Institute) provides technical assistance; and the government provides trunk infrastructure. Some 95,500 households in Orangi have built their sanitation systems using this model, investing a total of about US$1.5 million (one-seventh as much as it would have cost local governments to have done this). The Orangi Pilot Project is notable for cost recovery and community management of all finances, as well as the use of relatively inexpensive technology.[62]

A key characteristic of the community fund model is that it is a community organizing tool with long-term benefits that can exceed immediate shelter-related gains. To confront the housing crisis in the Asia-Pacific region, the poor must become part of municipal, regional and national decision-making. Community funds offer poor communities an

opportunity to develop skills and experience in money-saving, leadership, internal and external negotiation, and conflict resolution. Sometimes community fund donors and lenders require that communities interface directly with municipal officials in project development and implementation in order to help build the experience and relationships that promote social and political integration.

Even community funds may not reach people living in absolute poverty, who would be unable to repay a loan of any size. Grants and organized savings schemes may provide the only effective channels for these people to improve housing conditions.[63]

Cost estimates for improving urban housing for the poor in the Asia-Pacific region, are possible to calculate as is a summary of UN Habitat's vision of how these costs could be met.[64] The cost projections include:

- Basic housing construction;
- Land purchase or transfer;
- Relocation if necessary;
- Networked infrastructure;
- Bulk infrastructure (estimated at 30 per cent of the value of networked infrastructure);
- Construction of schools and clinics;
- Construction of community facilities; and
- Planning and oversight.

Upgrading slums could cost about US$625 per person. Providing alternatives, involving land, housing, physical infrastructure, community services and tenure, can be as low as US$285 a head. Building planned, affordable communities is far less expensive than upgrading existing slums.

The UN's task force for the Millennium Development Goals' slums target determined that a reasonable distribution of funding the costs of slum upgrading and providing alternatives to slum formation would be as follows: 30 per cent in small loans to households to improve housing conditions; 10 per cent contribution by the household itself; and 60 per cent in subsidies from national and local governments, using a mix of national and international resources. [65]

**The price tag for upgrading Asia-Pacific's slums and developing alternatives, 2005 – 2020**



Total cost for upgrading (US$ billion)
Total cost for developing alternatives (US$ billion)
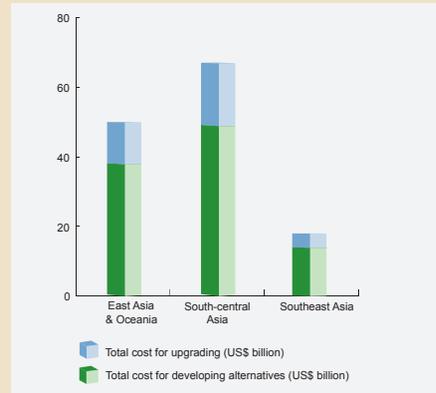
**The per capita price tag for upgrading and developing alternatives to slums, 2005 – 2020**
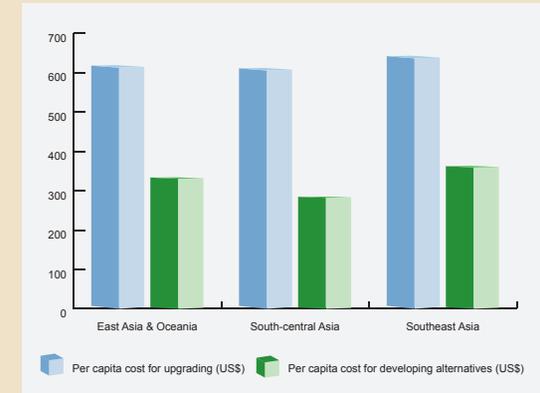


Per capita cost for upgrading (US$)   Per capita cost for developing alternatives (US$)

**Possible funding mix for upgrading slums (US$ billion)**



Subsidies   Loans   Savings & self-help

**Possible funding mix for alternatives to slums (US$ billion)**



Subsidies   Loans   Savings & self-help
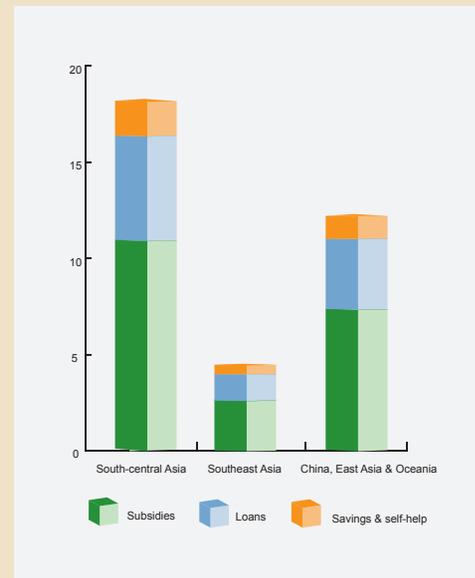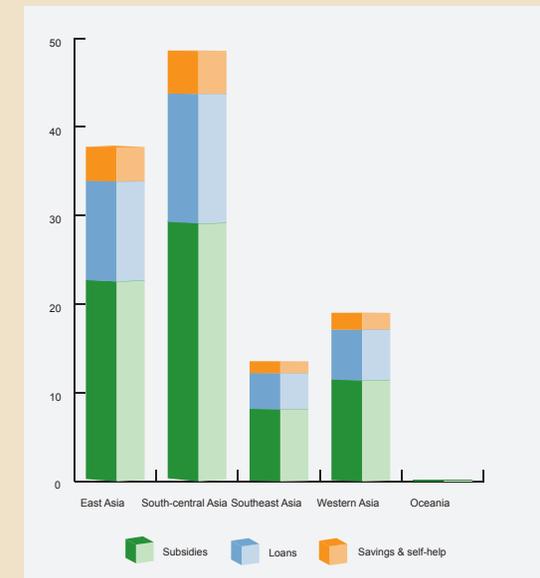
1    Adapted from Schlomo Angel (2000).

2    Ibid at 68.

3    See http:/hdr.undp.org/hd/glossary.cfm.

4    Angel 2000: 112, quoting British housing advocate Donnisson (1980), who stated that "most housing problems are really problems of unemployment, poverty and inequality."

5    UNDP 2005 Human Development Report

**HDI highs and lows for selected countries**

| Country | 1975 HDI | 2003 HDI | Per cent change |
|---|---|---|---|
| Bangladesh | .345 | .520 | 51 |
| Indonesia | .468 | .697 | 49 |
| India | .412 | .602 | 46 |
| Pakistan | .363 | .527 | 45 |
| China | .525 | .755 | 44 |
| Papua New Guinea | .425 | .523 | 23 |
| Fiji | .663 | .752 | 13 |

Ranking human development. See table right.

6    GDP annual per capita growth rate from 1990 to 2003 was -0.3 per cent in Vanuatu, -2.5 per cent in the Solomon Islands, and 0.2 per cent in Papua New Guinea.

**Ranking human development**

| HDI Rank | Country* | GDP per capita (PPP US$) 2003 | GDP per capita annual growth rate (%) | Human development index (trend) | | Population living below US$1 a day (%) (1990-2003)** | Population living below US$2 a day (%) (1990-2003)** | Inequality Measures Gini Index*** |
|---|---|---|---|---|---|---|---|---|
| | | | 1990-2003 | 1975 | 2003 | | | |
| **High Human Development** | | | | | | | | |
| 17 | Australia | 30,094 | 1.8 | 0.843 | 0.936 | ----- | ----- | 30.0 |
| 19 | New Zealand | 22,582 | 2.1 | 0.848 | 0.933 | ----- | ----- | 36.2 |
| 22 | Hong Kong, China (SAR) | 27,179 | 2.1 | 0.761 | 0.916 | ----- | ----- | 43.4 |
| 25 | Singapore | 24,481 | 3.5 | 0.725 | 0.907 | ----- | ----- | 42.5 |
| 28 | South Korea | 17,971 | 4.6 | 0.707 | 0.901 | <2 | <2 | 31.6 |
| 33 | Brunei Darussalam | 19,210 | ----- | ----- | 0.866 | ----- | ----- | ----- |
| 54 | Tonga | 6,992 | 2.0 | ----- | 0.810 | ----- | ----- | ----- |
| **Medium Human Development** | | | | | | | | |
| 61 | Malaysia | 9,512 | 3.4 | 0.615 | 0.796 | <2 | 9.3 | 49.2 |
| 73 | Thailand | 7,595 | 2.8 | 0.614 | 0.778 | <2 | 32.5 | 43.2 |
| 74 | Samoa (Western) | 5,854 | 2.4 | ----- | 0.776 | ----- | ----- | ----- |
| 84 | Philippines | 4,321 | 1.2 | 0.654 | 0.758 | 14.6 | 46.4 | 46.1 |
| 85 | China | 5,003 | 8.5 | 0.525 | 0.755 | 16.6 | 46.7 | 44.7 |
| 92 | Fiji | 5,880 | 1.8 | 0.663 | 0.752 | ----- | ----- | ----- |
| 93 | Sri Lanka | 3,778 | 3.3 | 0.607 | 0.751 | 7.6 | 50.7 | 33.2 |
| 96 | Maldives | 4,798 | 4.74.7 | ----- | 0.745 | ----- | ----- | ----- |
| 99 | Iran, Islamic Republic of | 6,995 | 2.1 | 0.566 | 0.736 | <2 | 7.3 | 43.0 |
| 108 | Vietnam | 2,490 | 5.9 | ----- | 0.704 | ----- | ----- | 37.0 |
| 110 | Indonesia | 3,361 | 2.0 | 0.468 | 0.697 | 7.5 | 52.4 | 34.3 |
| 114 | Mongolia | 1,850 | -2.5 | ----- | 0.679 | 27.0 | 74.9 | 30.3 |
| 118 | Vanuatu | 2,944 | -0.3 | ----- | 0.659 | ----- | ----- | ----- |
| 127 | India | 2,892 | 4.0 | 0.412 | 0.602 | 34.7 | 79.9 | 32.5 |
| 128 | Solomon Islands | 1,753 | -2.5 | ----- | 0.594 | ----- | ----- | ----- |
| 129 | Myanmar | ----- | 5.7 | ----- | 0.578 | ----- | ----- | ----- |
| 130 | Cambodia | 2,078 | 4.0 | ----- | 0.571 | 34.1 | 77.7 | 40.4 |
| 133 | Laos | 1,759 | 3.7 | ----- | 0.545 | 26.3 | 73.2 | 37.0 |
| 134 | Bhutan | 1,969 | 3.6 | ----- | 0.536 | ----- | ----- | ----- |
| 135 | Pakistan | 2,097 | 1.1 | 0.363 | 0.527 | 13.4 | 65.6 | 33.0 |
| 136 | Nepal | 1,420 | 2.2 | 0.296 | 0.526 | 37.7 | 82.5 | 36.7 |
| 137 | Papua New Guinea | 2,619 | 0.2 | 0.425 | 0.523 | ----- | ----- | 50.9 |
| 139 | Bangladesh | 1,770 | 3.1 | 0.345 | 0.520 | 36.0 | 82.8 | 31.8 |
| 140 | Timor-Leste | 1,033 | ----- | ----- | 0.513 | ------ | ----- | ----- |
| East the Asia-Pacific region (aggregate) | | 5,100 | 5.6 | ----- | ----- | ----- | ----- | ----- |
| South Asia (aggregate) | | 2,897 | 3.5 | ----- | ----- | ----- | ----- | ----- |
| High Human Development (averages) | | 25,665 | 1.8 | ----- | ----- | ----- | ----- | ----- |
| Medium Human Development (averages) | | 4,474 | 2.4 | ----- | ----- | ----- | ----- | ----- |
| Low Human Development (averages) | | 1,046 | 2.8 | ----- | ----- | ----- | ----- | ----- |

*Countries with no HDI Ranking, and for which little information is available include Afghanistan; Kiribati; North Korea; Marshall Islands; Micronesia (Fed. Sts.); Nauru; Palau; and Tuvalu.
**Data refer to the most recent year available during the period specified.
***The Gini coefficient is usually used to measure inequality of income, and sometimes of wealth. It is a number between 0 and 1, where 0 corresponds with perfect equality (everyone has the same income) and 1 corresponds with perfect inequality (one person has all of the income, and everyone else has none). The Gini coefficient is often expressed in multiples of 100 (as a number between 1 and 100 rather than a fraction between 0 and 1), with a lower number indicating a greater degree of equality. (http:/www.en.wikipedia.org/wiki/Gini_coefficient).

7    UN-Habitat 2005: 188.

**Poverty varies greatly**

| | Poverty | |
|---|---|---|
| | **Living below US$2 a day (% population)** | **Living below US$1 a day (% population)** |
| Asia (total) | 43.2 | 13.2 |
| Eastern Asia | 34.2 | 10.9 |
| South-central Asia | 57.8 | 20.5 |
| Southeastern Asia | 52.2 | 11.3 |
| Western Asia | 22.8 | 5.2 |

8    Information from Hanstad et al, 2002.

9    By reducing rural poverty, increased access to garden/homestead plots may temper urbanization rates. In the Pacific Islands, shrinking garden plots in rural areas have been directly tied to increased rural-urban migration (UNESCAP 2004: 5).

10   This recommendation is based on the experience in India and other countries that tenure rights to land are usually more valuable to the rural poor than the dwelling itself. This is true because even the poorest households manage to construct housing over time if they have secure tenure, and because it is more difficult for these households to obtain tenure rights than construction materials.

11   Based on information in Internal Displacement Monitoring Centre 2006: 62-68; and Internal Displacement Monitoring Center 2005: 52-3.

12   The Internal Displacement Monitoring Centre has increased this estimation to 540,000 people in its 2006 report (p. 62).

13   Discussion framework adapted from Council of Europe 2003, "Refugee-related Housing Issues in Selected South Eastern European Countries."

14   Based on Internal Displacement Monitoring Centre 2005: 53; and Internal Displacement Monitoring Centre 2006: 62-68.

15   Information from Global IDP Project 2004. Numbers do not include refugees, defined as displaced people who have left their country.

**Internally displaced people in selected Asian countries, 2004**

| Country | Number of Internally Displaced People |
|---|---|
| Afghanistan | 167,000-200,000 |
| Bangladesh | 500,000 |
| Burma (Myanmar) | 526,000 |
| India | 600,000 |
| Indonesia | 500,000 |
| Nepal | 100,000-150,000 |
| Pakistan | 30,000 |
| The Philippines | 60,000 |
| Sri Lanka | 362,000 |

16   ACHR 2005.

17   The Asian Coalition for Housing Rights details why the poor suffer more from natural disasters: (1) they have fewer options and less access to resources, causing delays in housing reconstruction and restarting livelihoods; (2) they live in the "most environmentally risky, most densely-built-up and least-accessible areas, in houses of poor quality that are least likely to withstand disasters"; and (3) uncertain tenure rights often mean that they do not qualify for government compensation (ACHR 2005: 49).

18   A civil engineer from Gujarat named Kiran Vaghela summarized damage from the earthquake as follows: "There are two ways of looking at an earthquake: you can say that the earthquake killed my family and there is nothing we can do about it. Or you can say the earthquake didn't kill anybody, the houses that people built killed my family." (ACHR 2005: 17.)

19   This text box is based on information from Weir & Kessler (2006). Through its participation in tsunami recovery, Habitat for Humanity Asia-Pacific is providing direct housing assistance and assistance in disaster mitigation and training in construction and resource fabrication to 20,000 to 35,000 families. For more information, see http://www.hfhap.org/ap/tsunami/18month/default.aspx.

20   The Asian Disaster Preparedness Center defines Community-based Disaster Risk Management (CBDRM) as "A process of disaster risk management in which at risk communities are actively engaged in the identification, analysis, treatment, monitoring and evaluation of disaster risks in order to reduce their vulnerabilities and enhance their capacities. This means that the people are at the heart of decision making and implementation of disaster risk management activities. The involvement of the most vulnerable is paramount and the support of the least vulnerable is necessary. In CBDRM local and national governments are involved and supportive." The Community-Based Disaster Risk Management Field Practitioner's Handbook (2004).

21   For a detailed report, see the Asian Coalition of Housing Rights' 2006 Tsunami Update.

22 Securing land tenure was one of the greatest challenges facing households and communities in post-tsunami reconstruction (ACHR 2006, throughout). In the communities in which Habitat worked, land claims by families were verified by the community, the property boundaries were physically staked out and a letter indicating these boundaries was signed by neighbors and submitted to public works for their records and mapping.

23 Summary of history from UNESCAP 1998 chapters 3 & 7

24 For historic examples of programs based on the original self-help principles, see the Philippines Land for the Landless program in Mindoro and Palawan, the Indonesian Transmigration Program in Sumatra in the 1970s, the Building Together project in Bangkok and the Sri Lanka Hundred Thousand Houses Programme from 1977-1982 (UNESCAP 1998: ch. 3, p. 11).

25 The World Bank's cost-recovery provisions, according to critics, priced the poorest people out of the market for self-help loans. By some estimates, between 30 to 60 per cent of the population was unable to meet the financial requirements for provision of sites and services or loans for upgrading. Davis 2006: 72-3.

26 Some experts in housing policy argue that the shift to enabling strategy has harmed the poor. They believe that it embraces a fundamental shift in how housing is viewed that is detrimental to the poor and to society at large. This shift is summarized by an enabling theorist as follows: "Housing is now perceived everywhere— China being the last bastion of paternalistic housing, which has also started to crumble—as a commodity with

an exchange value, rather than as a basic need with a use value allocated, as of right, outside the marketplace." (Angel 2000: 4.) For some, this shift undermines the idea that adequate housing is a human right, thereby taking social and political leverage from the poor, who are often unable to secure adequate housing on the housing commodity market. In its 2006/07 State of the World's Cities report, UN-Habitat described the view that land and housing are market assets as "diametrically opposed to the perception that access to land is a fundamental human right necessary for a secure livelihood." (UN-Habitat 2006: 95.) A second criticism of enabling theory is that it has been used in some cases to justify an over-emphasis on mortgage financing in lieu of programs that more effectively reach lower-income groups. Others contend that the enabling regime's emphasis on private sector participation has translated into inappropriate public incentives to developers and financial institutions (Hassan 2003: 13). For a comprehensive critique of enabling practices and the withdrawal of state support that has often accompanied them, see Davis 2006: 70-94.

27 The trend away from housing provision and toward "enabling" market-based solutions follows a broad international movement in both developed and underdeveloped countries, defined and motivated by a 1993 World Bank housing policy document subtitled "Enabling Markets to Work." This report called on governments to leave construction of housing for the poor to the private sector and reduce planning regulations and control (Habitat for Humanity Europe/Central Asia 2005: 33).

28 Enabling theorists acknowledge that housing markets fail. First, markets do not always satisfy the need for

"merit goods." Society often considers shelter to be a basic need regardless of income (and thus a "merit good"), and housing markets will not necessarily ensure that housing needs are met in a way acceptable to society. Second, markets do not control negative externalities, such as housing that threatens others' health and safety or creates an "eyesore." Angel 2000: 15

29 Adopted from Angel 2000; see also UN-Habitat 2005: 87-8.

30 This view was perhaps most famously argued by Hernando De Soto, who stated that the absence of secure tenure rights causes three problems for the poor: (1) limits investment; (2) impedes transferability; and (3) forces them to spend resources defending their property from other claimants. De Soto (1989: 159-60). In his more recent book, The Mystery of Capital, De Soto extended his case for securing property rights, arguing that the hidden wealth of poor households goes unrealized because they lack property mechanisms to fix the economic potential of their assets—such as housing—that could be "used to produce, secure, or guarantee greater value in the expanded market." De Soto (2005: 48). In the informal housing markets of the Asia-Pacific region, homeowners lack even the basics of tenure security, along with any formal documentation of tenure rights that could be used to leverage the value of their property via mortgage or other forms of lending. De Soto's theories have been lauded by some but highly criticized by others, particularly on the ground that securing tenure rights for the poor does not easily translate into increased liquidity. (For a summary of criticisms, see Fernandes 2002.)

31    Even those analysts who do not support enabling strategies agree that the state housing subsidy regime in the postcolonial era seldom benefited the poor. According to Mike Davis in his book Planet of Slums (2006: 69), "A consensus of urban scholars agrees that public- and state-assisted housing in the Third World has primarily benefited the urban middle classes and elites, who expect to pay low taxes while receiving high levels of municipal services."

32    Such as real estate development interests (Satterthwaite/ACHR 2005: 18).

33    Satterthwaite et al, 2005: 8-9.

34    UN-Habitat 2005: x1ii.

35    UN-Habitat 2005: 158.

36    One of the primary challenges in supporting small-scale landlords is to do so in a way that does not produce gentrification (UN-Habitat: xxxiv).

37    See section on forced evictions in Asia between 1960 and 2000.

38    International law denounces forced eviction as a grave human rights violation. International law documents prohibiting forced eviction include: General Comment No. 7 on the Right to Adequate Housing (E/C.12/1997/4); the Committee on Economic, Social and Cultural Rights General Comment No. 4 on the Right to Adequate Housing; Commission on Human Rights Resolution 1993/77 on Forced Evictions; Sub-Commission on the Protection and Promotion of Human Rights Resolution

1998/9 on Forced Evictions; and the International Covenant on Economic, Social and Cultural Rights. (The Centre on Housing Rights and Forced Evictions (COHRE) (www.cohre.org/feframe.htm).)

39    Information on the Thailand financial crisis is from UN-Habitat 2005: 59.

40    This paragraph extracted from Habitat for Humanity Europe/Central Asia 2005: 35.

41    The trend in the Asia-Pacific region appears to be to move away from the use of interest rate subsidies, often at the behest of donors (Ferguson 2004: 31). Although interest rate subsidies have been a political favorite of governments, they lack transparency and efficiency, and lead to market distortions that discourage development of a competitive private financing market (Angel 2000: 102-3).

42    Officially, the total number of homeless families in Japan was 20,500 in 2002, although many advocates believe the number to be higher (Prusher 2001).

43    Habitat for Humanity Asia-Pacific recognizes the importance of incremental, self-built housing for low-income families. In order to train people in safe and efficient self-building and to serve more people at lower costs, Habitat for Humanity Philippines created a number of Habitat Resource Centers in 2004. These Centers also help develop new building technologies and manufacture durable, cost-effective, environmentally friendly building materials, and serve as focal points for collaborative efforts with other NGOs, local government, corporations and volunteers. The Habitat Resource Centers concept has become a key component

of Habitat for Humanity's disaster response program, and was used successfully in recovery from the 2004 tsunami in Indonesia. Habitat for Humanity also supports incremental building through its Save and Build and Build in Stages programs, discussed in note 53 below.

44    For more information about how programs designed to add value to informal sector housing may hurt the renter population, see Davis 2006: 80-81.

45    This framework is adopted from UN-Habitat 2005.

46    According to the Asian Development Bank, most financial institutions are unwilling to provide mortgages for low- and middle-income housing in Indonesia because: (1) Lack of cost-effective, long-term matched local currency financing; (2) Lower profitability for smaller mortgages (lack of standards compound this problem, raising the costs to document and administer small loans); (3) Lack of a track record for mortgage lending in the low- and middle-income sectors (especially for smaller lending institutions, which are best suited for servicing these sectors according to the ADB); and (4) Impediments in land titling and foreclosure systems. (Asian Development Bank Technical Assistance Report 2005.)

47    Except where otherwise noted, this section is based on UN-Habitat 2005: 98-119.

48    In this way, microenterprise lending in the Asia-Pacific region has become an implicit channel for financing housing improvement for households in moderate and sometimes extreme poverty.

49    List adapted from Ferguson 2004: 4

50   Some information about housing microfinance points to greater use of formal collateral requirements. According to UN-Habitat's 2005 report on Financing Urban Shelter (117), microfinance loans target the upper lower class, people who are unable to access mortgage markets but are able to repay the loan and secure it with collateral (often with proof of formal land rights). Most borrowers own their own land and use the loan funds for housing construction or improvement (Ibid). The usual combined requirements of land ownership and ability to pay, states the report's authors, mean that microfinance is not suited to or available for the middle to lower income brackets of the poor (Ibid).

51   At least two prominent MFIs in the region—CARD and SPARC—do use group lending strategies for housing loans (Vance 2004: 142; see also UN-Habitat 2005: 98-119).

52   The Grameen Bank's housing microfinance program, which funds completed houses, is a notable exception (Vance 2004: 142).

53   Habitat for Humanity supports combined microfinance/ savings programs for incremental and progressive building through its Save & Build and Build in Stages initiatives. The Save & Build program, first established in Sri Lanka, brings together several low-income families to form a savings group of about 10-12 members. The group sets a savings goal of building one Habitat house. Each member makes weekly or monthly contributions until the group reaches its one-house goal, at which point Habitat and its partners provide loans for two more houses. The group then repeats the cycle until all members have a new home. Once a family has its home, it continues to contribute to the group through its loan payments and by helping with construction of other members' homes. Save & Build is now operating in Bangladesh, Cambodia, China, East Timor, Fiji, India  Indonesia, Mongolia, Papua New Guinea, Nepal, Sri Lanka and Thailand. The Build in Stages program is aimed at families who cannot afford to pay for a completed house through loans or otherwise. This program supports incremental building by offering families a smaller initial loan for construction of the foundation and walls, for example, then additional loans upon repayment of the first.

54   Adapted from Escobar & Merrill 2004: 48; 56-7; 61.

55   www.sparcindia.org.

56   www.humanitarianinfo.org/sumatra/reliefrecovery/ livelihood/docs/doc/ReviewOfIndonesianMicrofinance KeyTerms.pdf.

57   Housing microfinance programs in Asia may provide a conduit for channelling state interest rate subsidies to lower-income households (UN-Habitat 2005: 113). Governments in Bangladesh, India, the Philippines and Thailand all offer interest rate subsidies for low and middle-income households (Ibid). If the only way that these subsidies are made available is through the mainstream mortgage markets, they seldom reach the poor. Microfinance lenders such as the Grameen Bank in Bangladesh and the Self-employed Women's Association (SEWA) in India have been able to pass on these subsidies to borrowers (Ibid).

58   Except where otherwise noted, this section is based on UN-Habitat 2005: 120-136.

59   Loan security is a significant issue for community funds. In the case of land purchase, legal title deeds may be used.

60   A study of the capital sources for the larger microfinance institutions in Bangladesh found that finance from commercial banks increased from 3 to 11 per cent between 1996 and 2002, while donor financing dropped from 58 to 17 per cent (UN-Habitat 2005: 119, citing to Zaman, H. (2004) World Bank Policy Research Working Paper 3398: 9-12).

61   Satterthwaite et al, 2005: 6-7.

62   The Orangi project has not proven to be as effective to date in delivering housing structures, due to a lack of expertise.

63   Cost-recovery requirements for service provision may make community-funded projects unaffordable, as discussed in the section on utilities privatization. While reports on projects such as Manila Water indicate that cost recovery does not prevent participation by the poorest, other reports indicate that benefits to the poor are compromised. For example, in a Water Aid project to construct water facilities in poor settlements in Bangladesh, even the poorest of those living in the settlements were better off as a result of the investment in facilities, but some people could not afford to pay for adequate amounts of clean water (UN-Habitat 2005: 135).

64   Based on information found in UN-Habitat 2005: xxix-xxx.

**The price tag for upgrading Asia-Pacific's slums, 2005–2020**

|  | Per capita cost (US$) | Total cost (US$ billion) |
|---|---|---|
| East Asia and Oceania | 619 | 12.4 |
| South-central Asia | 612 | 18.3 |
| Southeast Asia | 643 | 4.5 |
| **Total** | **NA** | **35.2** |

**The price tag for developing alternatives to slums, 2005–2020**

|  | Per capita cost (US$) | Total cost (US$ billion) |
|---|---|---|
| East Asia | 334 | 38.0 |
| Oceania | 334 | 0.2 |
| South-central Asia | 285 | 49.1 |
| Southeast Asia | 363 | 13.7 |
| Western Asia | 829 | 19.2 |
| **Total** | **NA** | **120.2** |

65    The great need for subsidies is one of the most notable aspects of UN-Habitat's vision for how slum housing could be upgraded and slum alternatives provided. Given the high levels of growth and innovation in microfinance in the Asia-Pacific region, perhaps some of this anticipated need for subsidies could be replaced with microfinance resources.

**Possible funding mix for upgrading slums (US$ billion)**

|  | South-central Asia | Southeast Asia | China, the rest of East Asia, and Oceania |
|---|---|---|---|
| Subsidies | 11.0 | 2.7 | 7.4 |
| Loans | 5.5 | 1.4 | 3.7 |
| Savings and self-help | 1.8 | 0.5 | 1.2 |
| **Total costs** | **18.3** | **4.5\*** | **12.4\*** |

\*Total costs provided in UN-Habitat (2005) do not correspond with column aggregates.

**Possible funding mix for alternatives to slums (US$ billion)**

|  | East Asia | South-central Asia | Southeast Asia | Western Asia | Oceania |
|---|---|---|---|---|---|
| Subsidies | 22.80 | 29.46 | 8.22 | 11.52 | 0.10 |
| Loans | 11.40 | 14.73 | 4.11 | 5.76 | 0.05 |
| Savings and self-help | 3.80 | 4.91 | 1.37 | 1.92 | 0.02 |
| **Total costs** | **38.00** | **49.10** | **13.70** | **19.20** | **0.17** |

# CHAPTER V: CONFRONTING POVERTY HOUSING





**KEY FACTS**

- *Individuals, families, communities and non-governmental organizations are devising their own housing solutions.*
- *Stronger links to land and financing markets, technical assistance and a supportive policy environment could boost their efforts.*
- *Community groups and NGOs are becoming increasingly involved in local planning and decision-making processes.*
- *International NGOs and bilateral assistance programs, provide expertise, comparative knowledge and sometimes links to financial resources.*
- *Multilateral institutions offer funding, expertise and comparative knowledge. They have increasingly worked with the community and NGO sectors in slum upgrading schemes and other housing programs.*
- *Multilateral development banks are criticized, however, for lack of transparency and for inadequately representing the interests of the poor.*

*Local community groups and NGOs in the Asia-Pacific region are at the forefront of improving housing conditions for the poor.*

As governments move from providing housing directly to the poor toward enacting enabling policies, opportunities are opening that favor private-sector and community involvement, non-governmental organizations (NGOs) and community-based organizations (CBOs). These organizations increasingly provide critical systems, infrastructure, policy expertise and often funding support.

This chapter highlights only a handful of organizations active in this endeavor, representing the three types of institutions: local, national and regional NGOs; international NGOs and research institutions; and multilateral development organizations.[1]

## A. LOCAL COMMUNITIES, NATIONAL AND REGIONAL NGOS

Local community groups and NGOs in the Asia-Pacific region are at the forefront of improving housing conditions for the poor. They are demanding greater levels of participation into the decision-making processes that affect them and finding ways to access necessary resources. Some examples:

### Asian Coalition for Housing Rights (ACHR)

In addition to providing a clearinghouse for information and research on low-income housing in Asia, ACHR actively supports community-led development and serves as one of the region's chief advocates for the urban poor. www.achr.net/about_achr.htm

### Asian Disaster Preparedness Center (ADPC)

The Asian Disaster Preparedness Center (ADPC) is a non-profit organization supporting the advancement of safer communities and sustainable development through implementing programs and projects that reduce the impact of disasters in the Asia-Pacific region. Based out of the Asian Institute of Technology in Bangkok, Thailand, ADPC's remit covers three areas: creating sustainable institutional disaster risk management capabilities including related government policies; disseminating expertise, experience and information; and raising awareness about disaster risk management. www.adpc.net

### basin-South Asia Regional Knowledge Platform (basin-SA)

basin-South Asia Regional Knowledge Platform (basin-SA) was set up in 2004 to develop and share knowledge and promote collaboration between individuals, decision makers and organizations working to provide the poor with access to sustainable habitat and livelihoods in South Asia. It provides links to expertise and knowledge on technology, finance, institutional development and capacity building.

### Community Organizations Development Institute (CODI)

Community Organizations Development Institute is a standalone Thai government agency which channels infrastructure subsidies and housing loans directly to poor communities. It manages the government's Baan Mankong ("Secure Housing") initiative for upgrading slums. Communities select the best methods to improve their housing and basic infrastructure, and handle the project management. A focus of CODI's work is encouraging secure land tenure by using government loans to purchase land rights from landowners or to pay for community leases, by agreements to exchange part of illegally occupied land for tenure rights, and by relocation schemes. www.codi.or.th

### Development Alternatives

Development Alternatives is an Indian-based non-profit organization engaged in research and action for sustainable development especially in the areas of habitat and livelihoods for poverty reduction. It works on the design and large-scale dissemination of appropriate technologies, environmental management systems and effective people-oriented institutions and policies. www.devalt.org.

### SEVANATHA Urban Resource Center

SEVANATHA, based in Colombo, Sri Lanka, works to alleviate poverty with microfinance initiatives, innovative methods for low-income settlement development, housing and infrastructure projects, including a waste-management program. It is also active in strengthening the project-management and communications capacity of urban poor communities. www.serd.ait.ac.th/ump/sevanatha_urban_resource_center.htm

### Slum Dwellers International (SDI)

Slum Dwellers International is a network of national urban poor communities (federations) and their support NGOs in Asia, Africa and South America (Brazil). Each federation (often identified by city, region or country) comprises of local community organizations based on savings schemes. Membership is highly flexible and is defined by participation in local community activities and savings schemes, at different levels depending on ability and interest. SDI federations deliver low-income housing as a way to strengthen communities and help them participate in urban governance. In Asia, SDI is active in Cambodia, India, Nepal, the Philippines and Sri Lanka. It also supports federations in Indonesia.[2] www.sdinet.org/reports/r4.htm

### Society for the Promotion of Area Resource Centers (SPARC)

SPARC is an Indian NGO that helps organize slum and pavement dwellers and produces solutions for affordable housing and sanitation. SPARC supports two people's movements in India: the National Slum Dwellers Federation and Mahila Milan[3] (a federation of women's collectives). SPARC's strategy involves establishing "Area Resource Centers," promoting savings and credit programs within communities, housing and toilet exhibitions, demonstrating appropriate housing and infrastructure models for the poor through pilot projects, and advocating for community development policy changes. www.sparcindia.org

### Uplink

Uplink is a national network of urban poor groups, professionals and NGOs in 14 Indonesian cities, coordinated by the NGO Urban Poor Consortium in Jakarta. Uplink's goal is to strengthen urban poor communities so that they can work toward alternative pro-poor urban policies.

### VANWODS Microfinance Inc.[4]

VANWODS Microfinance in the Pacific island country of Vanuatu began in 1996 as a pilot project by the Vanuatu government and the United Nations Development Programme to offer microfinance to disadvantaged women. In 2005, it provided about US$373,000 in loans and had a repayment rate of nearly 100 per cent. VANWODS and Habitat for Humanity Vanuatu work in partnership to provide housing microfinance for incremental building.

> *"Multilateral organizations have increasingly focused on strengthening community organizations and NGOs."*

## B. INTERNATIONAL NGOS AND RESEARCH INSTITUTIONS

### Architects Without Borders

Architects Without Borders is a non-governmental, not-for-profit, volunteer humanitarian relief organization that enlists architects to use their professional skills for rebuilding efforts after disasters. Its members were active in tsunami reconstruction projects in Sri Lanka. In Asia-Pacific, it has chapters in Australia and Nepal. www.awb. iohome.net

### Center on Housing Rights and Evictions (COHRE)

COHRE's mission is to "promote and protect the right to housing for everyone, everywhere." Its work includes housing rights training, research and publications, monitoring, preventing and documenting forced evictions, fact-finding missions, housing and property restitution, women's housing rights, and active participation and advocacy within the UN and regional human rights groups. The COHRE website provides useful information about how to advocate on housing issues within the UN.

COHRE is located in Geneva, and has Asia-Pacific offices in Colombo, Sri Lanka, and Melbourne, Australia. www. cohre.org

### Cities Alliance

Based in Washington DC in the US, the Cities Alliance is a global coalition of cities and their development partners committed to scaling up successful approaches to poverty reduction and promoting positive impacts of urbanization. It facilities links between cities and bilateral and multilateral agencies and financial institutions, promotes the developmental role of local governments, and helps cities develop financing and investment approaches for infrastructure and other services. The alliance provides matching grants for city development strategies, and slum upgrading and infrastructure schemes. To date, it has committed US$88 million linked to over US$8 billion in investments  Members include cities, national governments, including Japan, and Asian Development Bank, the World Bank and UN-HABITAT. www.citiesalliance.org

### Habitat for Humanity International

Habitat for Humanity International, the publisher of this report, is a non profit, Christian housing organization that seeks to eliminate poverty housing from the world, and to make decent shelter a matter of conscience and action. Working together with people of all backgrounds, races and religions, Habitat for Humanity builds homes in partnership with families in need. Since 1976, Habitat has built, renovated and repaired houses with more than 200,000 families around the world in more than 3,000 communities. More than one million people live in homes they helped build and are buying through no-profit mortgages. Since launching a pilot program in India in the early 1980s, Habitat has built more than 34,000 homes and served some 155,000 people around the Asia-Pacific region. In addition, up to 30,000 families are expected to benefit from Habitat programs to help victims of the 2004 Asian tsunami. www.habitat.org/ap

### Habitat International Coalition (HIC)

Habitat International Coalition is an pressure group committed to defending the rights of the homeless and

inadequately housed and increasing public awareness about housing problems. www.hic-net.org

### Homeless International

Homeless International, based in the United Kingdom, works with local partners around the world to support community-led housing and infrastructure development. Homeless International is involved in many projects in Asia, and conducts the CLIFF (Community-led Infrastructure Finance Facility) program together with local partner organizations in many countries.[5] www.homeless-international.org

### International Institute for Environment and Development (IIED)

IIED is a London-based NGO and international research institute working toward sustainable and equitable global development. It has done extensive work in Asia on housing issues. www.iied.org

### Misereor

Misereor is the German Catholic Bishops' Organization for Development Cooperation. It has received international attention for its support for community-led settlement improvement programs in Asia. This support includes a significant degree of assistance to community-led re-development in areas hit by the tsunami. www.misereor.org

## C. MULTILATERAL DEVELOPMENT ORGANIZATIONS

Multilateral development organizations, such as the United Nations, the World Bank and the Asian Development Bank, contribute most of the funding that is committed to addressing inadequate shelter in the Asia-Pacific region. This official development assistance comes in the form of conditional loans, grants and technical assistance.[6]

In recent years, multilateral organizations have increasingly focused on strengthening community organizations and NGOs working for slum upgrading and housing development for low-income people. They have also endorsed a shift in focus from mortgage financing to housing microfinance to reach a greater number of low-income people.

Some observers have criticized multinational funding and bilateral assistance organizations for failing to prioritize the needs of the poor in the Asia-Pacific region.[7] Critics question the ultimate gain to the poor from the programs promoted by these institutions and point out that low-income people are seldom represented in decision-making processes. Critics also say many multi- and bi-lateral organizations spend their resources on overly expensive projects, resources that should go to locally-driven projects accountable to beneficiary communities.

### Asian Development Bank (ADB)

The Asian Development Bank is a multilateral development finance institution; 47 of its 66 member countries are in the Asia-Pacific region. Its stated goal is to reduce poverty. The ADB's tools include loans, guarantees and technical assistance, mainly provided to governments. The ADB's shelter-related strategies encourage private sector development to integrate the poor into housing and

such service markets as water, sanitation and electricity. Examples of ADB projects include the Philippines Development of Poor Urban Communities Sector Project and the Indonesian Neighborhood Upgrading and Shelter Sector Project, both of which provide adequate plots for housing and funds to purchase them via financial and microfinance institutions (ADB 2004: 53). www.adb.org

### The United Nations (UN)

*Millennium Development Goals*
By naming three targets that affect shelter — slums, water and sanitation— among the Millennium Development Goals (MDGs), the UN has drawn international attention to the global problem of poverty housing.[8] Bilateral assistance organizations, multilateral banks and many NGOs have reframed their shelter goals in reference to the MDGs. The Asia-Pacific region is in the spotlight because the majority of the world's slum residents live here. By monitoring progress toward the MDG targets, UN-Habitat is helping to establish national accountability systems for poverty housing and provision of basic services across the region.

*Economic and Social Commission for Asia and the Pacific*
The mandate of UNESCAP is to act as the social and economic development arm of the United Nations in the Asia-Pacific region. It is also a regional think-tank and facilitator of inter-government development projects. UNESCAP's Human Settlements Division works closely with UN-Habitat and other UN divisions to formulate and implement its strategies involving shelter.[9] www.unescap.org

*United Nations Children's Fund*
Through its Urban Basic Services (UBS) program, UNICEF has made an important contribution to slum upgrading. The UBS program develops local slum communities by delivering safe water, waste disposal, and access to education and healthcare. In practice, this incorporates improvements to infrastructure and housing. UNICEF's slum improvement project in Bangladesh, for example, is a community-driven effort to improve the environment, provide healthcare and empower women living in over 40,000 slum communities.[10] www.unicef.org

*United Nations Development Programme*
The UNDP directly supports poverty alleviation projects across the Asia-Pacific region, including those involving shelter. One example is the Indonesian Kampung Improvement Project, considered a model urban poverty-relief program because community-based organizations play a central role as project initiators, investment requirements are low (US$118 per person in Jakarta and US$23 in smaller cities), and it is sustainable with potential for scaling up.[11] www.undp.org

*UN-Habitat*
The UN Human Settlements Programme, UN-Habitat, is the UN agency for human settlements. Established in 1978, it is mandated to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all. Through a series of conferences and declarations, the organization has attempted to mobilize governments and other groups to publicly commit to improved shelter initiatives. The most recent conference was the World Urban Forum III in Vancouver, Canada, in June 2006. UN-Habitat runs worldwide campaigns on urban governance and secure tenure. It also has some 154 technical programs and projects in 61 countries. The main Asia-Pacific office is in Fukuoka, Japan. www.unhabitat.org

### World Bank

Like the Asian Development Bank, the World Bank emphasizes developing the private sector and strengthening markets as the best means of addressing inadequate shelter concerns for low-income people. Recent projects include the Sri Lanka North East Housing Reconstruction Programme (2004-2009), facilitating reconstruction of 46,000 houses through cash grants. This project aims to help displaced people in the North East and regularize land title to beneficiaries. www.worldbank.org

# END NOTES

1   Bilateral assistance programs are mentioned only in the context of their work through NGOs. Bilateral assistance programs, such as the Department for International Development (DFID) in the United Kingdom and the Swedish International Development Cooperative Agency (SIDA), offer significant support to local and regional organizations and governments in the Asia-Pacific region.

2   From D'Cruz & Mitlin 2005, which provides an in-depth account of SDI's formation, approach and strategies.

3   See www.wsp.org/publications/sa_creditmm.pdf#search='mahila%20milan'.

4   See www.news.vu/en/news/aid/vanwods-eyes-big-plans-fo.shtml.

5   CLIFF provides loan finance for slum development projects implemented by the urban poor. The aim is to influence policy and practice to scale up such projects. The specific objectives of CLIFF are to (1) develop a finance facility that will assist urban poor organizations to execute community driven housing, infrastructure and urban services projects together with municipalities and the private sector, and (2) develop sustainable finance facilities in India and one other country to continue providing services to the urban poor after project funding ends. CLIFF is funded by the UK's Department for International Development, the Swedish International Development Cooperative Agency and Homeless International. Funds flow through the World Bank's Cities Alliance program.

6   According to a 2003 report by UNESCAP and UNDESA, "[I]t can be stated that significant increase in [official development assistance] flow in the coming decade will determine if the [Millenium Development] goals and targets in Asia for such basic infrastructure as shelter, water, and sanitation can be achieved." (UNESCAP Agenda 21 2003: 19.)

7   Satterthwaite/ACHR 2005: 28. The criticism offered by this source is intended primarily for development banks.

8   As discussed in the introduction, many believe that the UN's slum target was set far too low to make a real difference. Some say that by setting the goal so low, the UNDP made it irrelevant at best, and harmful at worst. The target is irrelevant, because 100 million slum dwellers will improve their lives regardless of what governments do, given high motivation for self-improvement. It could be harmful because it fails to address the potential urban crisis arising from the 500 million new slum dwellers expected by 2020, and fosters an attitude of denial, nationally and internationally, about how bad the slum problem really is (UN-Habitat, Habitat Debate 2005: 8).

9   For more on UNESCAP's "Housing the Urban Poor" initiative, see www.unescap.org/pdd/prs/projectactivities.

10  See http://web.mit.edu/urbanupgrading/upgrading/case-examples/ce-BG-slu.html.

11  See http://web.mit.edu/urbanupgrading/upgrading/case-examples/ce-IO-jak.html.

# CHAPTER VI: CONCLUSIONS AND TRENDS
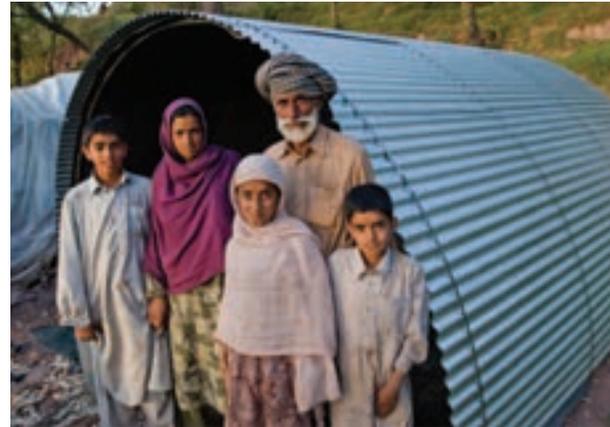
*"When the poor lack access to secure home ownership, they also miss out on economic opportunities."*

**T**he Asia-Pacific region is in the midst of a dramatic rural-urban transition that is shaping the demand for low-income housing. Whether and how this demand will be met over the next 30 years will have profound bearing on the further economic, social and political direction of the region. This final chapter summarizes the conclusions and trends discussed in the report.

### A. THE NEED FOR HOUSING AND THE QUALITY OF HOUSING CONDITIONS

Most of the world's urban poor live in the Asia-Pacific region. The current number of slum residents in Asia – 554 million – is projected to rise significantly between 2006 and 2030, as approximately 1.15 billion new residents enter urban areas. Urban growth will determine housing demand in many ways. However, demand for low-income housing in rural Asia will remain significant due to the greater levels of rural poverty and a lack of economic opportunity for those who remain in the countryside. For both urban and rural low-income people, housing quality is usually very poor. In the urban slums and squatter settlements, infrastructure and basic services are inadequate or nonexistent.

Housing is made of temporary materials. Communities and dwellings are overcrowded. People lack access to healthcare and education. Disease and death occur at a higher incidence due to the lack of water and sanitation. Community locations are often precarious (e.g., next to a garbage dump or railroad tracks, in a flood plain, or on steep slopes). Few households have secure tenure, and approximately one-third of all urban residents rent their homes, mostly in the informal sector. In rural areas, low levels of access to water and sanitation facilities reflect impoverished shelter conditions. On average, one-third of the rural population in the Asia-Pacific region lacks access to improved water, and well over two-thirds lack adequate sanitation.

Future provision of water and sanitation will be shaped by two trends. The first is private service provision, the effects of which on the poor will be significant, but whether it will hurt or harm them is not yet known. The second involves component-sharing models, where governments provide trunk infrastructure to a community, and the community provides its own wiring, pipes and utility connections.

### B. THE EFFECTS OF POVERTY HOUSING

Inadequate shelter is harmful in many ways. When people have access to adequate housing, they are more likely to participate economically, socially and politically in their communities. Poor shelter conditions cause social unrest, especially when government policies heighten oppression through forced eviction. In the absence of clean water, adequate sewerage and drainage, and clean air, slum households face health threats. The precarious location of many slums further jeopardizes residents' health. While poverty causes inadequate housing, inadequate housing is also a causal factor in deepening poverty. When housing is expensive, people must choose between providing it or paying for basic health, education and clothing costs. When the poor lack access to secure home ownership, they also miss out on economic opportunities such as capturing market value increases upon sale, or income gained from renting out a room or operating a cottage industry.

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## C. THE CAUSES OF POVERTY HOUSING

Housing market outcomes for the poor are determined by three groups of factors:

- Socio-economic, political and environmental conditions;
- The housing policy environment; and
- Housing market conditions.

The first group includes poverty, discrimination, violence and disasters, all of which have impeded access to adequate shelter in the Asia-Pacific region. Poverty is tightly linked with inadequate housing. Extreme poverty has decreased as economies have grown over the past decade. But 693 million people in the region still live on less than US$1 per day, accounting for two-thirds of the world's most poor. Both poverty and inadequate shelter are closely tied to employment. Some experts believe that the key factor in improving shelter conditions is to increase employment opportunities and improve wages for the poor. One of the most disturbing trends present throughout the region is the rise of wealth and income inequality. Wealth inequality affects shelter conditions directly, in that those with wealth effectively drive up urban land prices. In rural areas, land holdings concentrated in a few hands is a chief contributor to landlessness and poverty, and probably one of the reasons for the current region-wide rural exodus. Discrimination against women and religious and economic minorities has prohibited better access to housing, as has continued institutional violence and a series of disasters including the 2004 Indian Ocean tsunami.

The housing policy environment has a profound impact on housing choices for the poor. Currently most governments rely on strategies that include:

- Supporting housing markets so that they better reach the poor;
- Bolstering housing finance through measures such as interest rate subsidies;
- Deregulating land development and construction;
- Increasing the supply of buildable land (through infrastructure provision and tenure regularization);
- Building partnerships with groups in the private sector, community groups and NGOs; and
- Providing demand-side vouchers for low-income households.

Areas of policy needing improvements are:

- The formal sector regulatory regime, which in many cases fails to take into account affordability trade-offs;
- The rental sector, which has largely been ignored by policymakers;
- Eviction and relocation strategies which, despite a general shift by most governments to *in situ* slum upgrading, continue to be implemented in violation of basic human rights by some governments in the Asia-Pacific region.

One trend that continues to affect housing policy across the region is a wide-scale decentralization of government

authority from national to local and municipal levels. To capitalize on this, local community groups will need to become increasingly organized and proficient in negotiating with local authorities.

Land and finance markets relate directly to housing market outcomes for the poor. Land that is accessible for low-income housing, land that is buildable, affordable and reasonably located within range of employment and health and education facilities is extremely scarce. As Asia's urban centers continue to grow, so will the demand for land. This will cause prices to rise even higher and speculative buying to hold land off the market. A major government role in improving shelter for the poor will be to increase the supply of urban land. This will require a thorough regularization of existing slums as well as the provision of infrastructure, plus providing land rights and trunk infrastructure for alternatives to slums.

A lack of access to housing finance is a further impediment. Traditional methods of housing finance hold limited relevance for the poor as households in the bottom 40 per cent of income in the Asia-Pacific region cannot afford mortgages. However, innovations in housing microfinance and community funds are improving access. The growing use of community funds symbolizes several current trends in the region:

- A shift from a strict "market enabling" paradigm in shelter delivery to the recognition that some degree of subsidy will be necessary to reach into the lower income brackets;
- The growth of community organizations and NGOs; and
- A shift from forced eviction or relocation and toward slum upgrading.

## D. EFFORTS TO CONFRONT POVERTY HOUSING

Perhaps the most important trend over the past two decades has been the rise of local, national and regional NGOs concerned with housing. These groups are becoming increasingly involved in planning and decision-making. NGOs also provide critical systems and policy expertise as well as funding in some cases. They have worked together with other civil society organizations to achieve more equitable urban development policies and stop projects that further damage the poor.

These groups are also initiating their own projects and offering themselves as partners to government agencies. When governments have responded positively to the latter, they have often been able to offer development services on a greater scale and at lower cost than they would have using private contractors.[1]

To support communities in improving their shelter conditions on a large scale, technical assistance and funding from international NGOs, bilateral assistance programs and multi-lateral institutions will continue to play an essential role.

## E. THE RIGHT TO ADEQUATE HOUSING

The right to adequate housing is defined and promulgated by a wide body of international human rights law, as

*"Generating the political will to pursue the right of each person to adequate housing is a challenge that requires commitment and work from every level in the Asia-Pacific region."*

well as in the constitutions and written laws of many countries in the Asia-Pacific region. A person's ability to realize this right, however, continues to depend largely on household income, political connections, gender, and ethnic or religious identification. It is also heavily dependent on government policy and political will. Where governments have made a concerted effort to improve housing conditions, such as in Thailand's Baan Mankong program, they have made great inroads. In all too many instances, however, any commitment to adequate housing is sacrificed in favor of other goals, such as urban redevelopment or beautification projects.[2] Too frequently, the authorities employ practices that undermine and destroy housing rights of the most vulnerable. Generating the political will to pursue the right of each person to adequate housing is a challenge that requires commitment and work from every level in the Asia-Pacific region, from individual slum households and slum communities to business corporations and financial institutions, to local and national governments, as well as NGOs and multilateral organizations.

## END NOTES

1   For more information on the rise and importance of
    community organizations and NGOs in shelter provision
    in the Asia-Pacific region, see UNESCAP Agenda 21 2003;
    Satterwaite/ACHR 2005: 24, 30; and Naseem 2003: 49.

2   See, e.g., the 2006 Annual Report of the UN Special
    Rapporteur  on Adequate Housing www.unpo.org/
    article.php?id=5571