



HABITAT III ISSUE PAPERS

20 - HOUSING

New York, 31 May 2015

(not edited version)





ISSUE PAPER ON HOUSING

KEY WORDS

urbanization; housing needs; slums and informal settlements; commodification; speculation; spatial segregation; vulnerable groups; right to adequate housing; 'housing at the centre'; housing policy; housing finance; financial inclusion; affordability; subsidies; urban planning; housing and livelihood; incremental housing; rental housing;

MAIN CONCEPTS

Adequate Housing: Adequate housing was recognized as part of the right to an adequate standard of living in international instruments including the 1948 Universal Declaration of Human Rights and in the 1966 International Covenant on Economic, Social and Cultural Rights.¹ Adequate housing must provide more than four walls and a roof. A number of conditions must be met before particular forms of shelter can be considered to constitute “adequate housing.” These elements are:

- Security of tenure: housing is not adequate if its occupants do not have a degree of tenure security which guarantees legal protection against forced evictions, harassment and other threats.²
- Availability of services, materials, facilities and infrastructure: housing is not adequate if its occupants do not have safe drinking water, adequate sanitation, energy for cooking, heating, lighting, food storage or refuse disposal.
- Affordability: housing is not adequate if its cost threatens or compromises the occupants' enjoyment of other human rights.
- Habitability: housing is not adequate if it does not guarantee physical safety or provide adequate space, as well as protection against the cold, damp, heat, rain, wind, other threats to health and structural hazards.
- Accessibility: housing is not adequate if the specific needs of disadvantaged and marginalized groups are not taken into account.
- Location: housing is not adequate if it is cut off from employment opportunities, health-care services, schools, childcare centres and other social facilities, or if located in polluted or dangerous areas.
- Cultural adequacy: housing is not adequate if it does not respect and take into account the expression of cultural identity.

¹ Office for High Commission for Human Rights. The Right to Adequate Housing. Fact Sheet No. 21/Rev.1 http://www.ohchr.org/Documents/Publications/FS21_rev_1_Housing_en.pdf

² For further definition, please refer to Issue Paper #6 Urban Land.



FIGURES AND KEY FACTS

- Access to adequate housing is a global challenge growing fast with urbanization. Around one quarter of the world's urban population continues to live in slums and informal settlements.³ An increasing number of urban dwellers, especially the most poor and vulnerable groups (women, migrants, persons with disabilities and HIV, elder, youth and LGBT) are living in precarious conditions, addressing their housing needs informally, lacking access to basic services and living space, isolated from livelihood opportunities and vulnerable to forced evictions or homelessness. Every day, as people are born in or move to urban centres in search of opportunities, the demand for housing grows. Globally, a billion new houses are needed by 2025 to accommodate 50 million new urban dwellers per year; costs are estimated at USD 9 to USD 11 trillion by 2025.⁴
- Affordable housing is inadequate and adequate housing is unaffordable. One of the more daunting challenges of urbanization has been the provision of adequate housing that people can afford. In 2011, 2.2 billion people still survived on less than US\$2 a day,⁵ a grossly inadequate income to afford living and housing. From slum residents to middle-income households, it is estimated that currently 330 million households are financially stretched by housing costs and this number could grow to 440 million by 2025 (Fig.1).⁶
- Housing lending moved away from the most poor. The World Bank, the main lender to support improvement in housing conditions, has evolved to embrace the private sector more fully, but moved away from the poverty orientation that was for many years the core focus. A much smaller share of the Bank's lending has gone to support low-income housing (10 percent of total shelter lending since the mid-1990s, versus more than 90 percent from the mid-1970s to the mid-1980s) and a much smaller share has gone to low-income countries (20 percent, down from about 40 percent from the mid-1970s to the mid-1980s).⁷
- Housing issues are a litmus test of urban development and well-planned cities. Housing has not been appropriately integrated into urban policies in spite of residential land use occupying between 65 and 75 percent of the surface of a city. Clearly, the way in which housing is developed, and especially where it is physically provided, has had important implications for the reproduction of informality, inequalities and exclusion in cities. Deficient urban planning and weak regulations have also left little room for governments to manoeuvre against speculation over land, urban sprawl and the spatial segregation of housing.
- Enabling housing finance through mortgages has been quite well responded to by governments but has often only been feasible for the middle - and high-income groups rather than the most needy 60 to 80% of the population. Subsidies on residential mortgages have encouraged people to borrow but they are flowing to the 40-20% richest income groups, that is, those who need last. Mortgages are still much more common in Europe and North America than in Asia, Africa or LAC (Fig.2).

³ For more information refer to Issue Paper #22 on Informal Settlements.

⁴ McKinsey Global Institute (2014). A blueprint for addressing the global affordable housing challenge. MGI.

⁵ World Bank Poverty Overview <http://www.worldbank.org/en/topic/poverty/overview> [access on 28.05.2015].

⁶ McKinsey (2014) op cit.

⁷ Buckley R.; Kalarickal J. (2006). Thirty Years of World Bank Shelter Lending What Have We Learned? World Bank.



- The housing sector accounts for significant energy consumption and impacts on the sustainability of urban development. Households account for about 19percent of total worldwide energy consumption.⁸ The overall building stock which is composed mainly of residences is responsible for more than 40percent of global energy use⁹ and represents the single largest contributor to greenhouse gas emissions¹⁰. Environmental degradation stemming from housing construction materials extraction and low-density suburban development further threatens the sustainability of cities. The use of local materials and techniques is still limited in spite of their potential to reduce energy consumption and promote local economic development.
- In spite of increased recognition of the right to adequate housing¹¹ policies and programmes continue infringing many criteria of housing adequacy, especially the protection from forced evictions. Every year, millions of people around the world are evicted from their homes and land, against their will and without consultation or equitable compensation. Between 1998 and 2008, forced evictions affected at least 18.59 million people¹², despite the fact that international law explicitly recognises the right to security of tenure and has repeatedly declared the practice of forced eviction to be a gross and systematic violation of human rights. A growing number of urban migrants and Internally Displaced People (IDPs) also confront insecure tenure and the resulting threat of further displacement, not only as a result of natural hazards and renewed conflict, but also as an increase in forced evictions.¹³
- Inadequate housing has contributed to health inequality and risk exposure. House is a major environment of exposure to hazards and health threatening factors due to lack of habitability, overcrowding, inadequate services, among others. Crowding is among the most serious threats as it enhances the transmission of diseases among the household members, especially children, elder and those with a disability as they spend more of their time at home.¹⁴ In addition, many environmental risks are associated with the poor quality of housing structures and its location.

⁸ IEA (2014) Energy Balances of Non-OECD Countries. Available online at: "http://www.oecd-ilibrary.org/energy/energy-balances-of-non-oecd-countries_19962843-en and IEA (2014) Energy Balances of OECD Countries. Available online at: http://www.oecd-ilibrary.org/energy/energy-balances-of-oecd-countries_19962835-en

⁹ UNEP (2009) Buildings and Climate Change: Summary for Policy Makers. Available online at: <http://www.unep.org/sbci/pdfs/SBCI-BCCSummary.pdf> and European Commission (2011) Roadmap to a Resource-Efficient Europe. COM (2011) 571 final. Brussels, 20.9.2011. Available online: http://ec.europa.eu/environment/resource_efficiency/pdf/com2011_571.pdf

¹⁰ Ruuska (2014) 'Material Efficiency of Building Construction'. Buildings 2014 (4), pp. 266-294. Available online at: <http://www.mdpi.com/2075-5309/4/3/266/pdf>

¹¹ Including through ratifying the International Covenant on Economic, Social and Cultural Rights.

¹² Centre on Housing Rights and Evictions (2009). Global survey 11, Forced evictions, violations of human rights: 2007–2008. COHRE, Geneva.

¹³ Massachusetts Institute of Technology (MIT) Displacement Research Action Network (DRAN) and the Internal Displacement Monitoring Centre (IDMC). Report: "Home sweet home Housing practices and tools that support durable solutions for urban IDPs". Available at <http://www.internal-displacement.org/assets/publications/2015/20150325-global-home-sweet-home/20150325-global-home-sweet-home-en-full-report.pdf>

¹⁴ Baker M, Keall M, Lyn Au E, Howden-Chapman P. Home is where the heart is – most of the time. New Zealand Medical Journal 2007; 120: 1264.



ISSUE SUMMARY

- Nearly three decades have passed since the ‘enabling approach’ to housing provision was introduced. Significant shifts in policies and approaches were observed in this period and a wide range of practical applications of the enabling principles took place in different countries with mixed results. But overall the majority of national and local governments are still struggling to meet the housing needs of their respective populations. The poorest and vulnerable households are the most affected as they have been untouched by the housing market and limitedly benefited from housing policies and regulations. Efforts to improve access to adequate housing for women, migrants, refugees, people with disabilities, indigenous and minorities have made little progress so far.
- Government interference in the housing sector has been minimal and many have almost withdrawn from housing provision, land supply, procurement, servicing and even regulation. There has been a broad shift from conceptualizing housing in terms of its social function towards housing as a commodity across various scales. Housing has had a low priority in the allocation of national resources and almost all public and corporation houses were sold. Subsidies have been reduced and, where they remain, they are usually poorly targeted and unsustainable. To a great extent, the advent of housing policy frameworks more in line with liberalization and less state intervention has mainly resulted in fewer or no formal housing opportunities for low- and some tiers of middle-income households.
- Private sector engagement has been weak and markets have been ineffective in serving the lower-end. Governments, in their role of facilitators, have faced challenges to induce private entrepreneurs and finance institutions to invest in, construct and lend for the poor and community-based initiatives. Developers have focused on the high-end housing. Banks are averse to risking loans for people that cannot be classified as conventionally good risk. Housing finance has been essentially promoted through mortgages, restricted to those with formal titles, and access to finance for the poor majority is limited and expensive. Community-based financial institutions such as financial cooperatives, credit unions and micro-finance institutions have not reached scale and may not be capable of so doing.
- People continue addressing their housing needs by themselves, incrementally and often informally. Almost all housing is generated through an incremental process over relatively long periods of time. Only a minute segment of any society— that is, the very wealthy—has the resources to lend, purchase outright or construct their dwellings as a one-off event. Incremental housing processes have been one of the most effective means of allowing households to have what they can afford, although it has often resulted in low quality and inadequate stock because of the lack of means and capacity.
- Access to land and dysfunctional urban land markets remain one of the most pervasive binding constraints on the provision of adequate housing. A new series of challenges related to the access to well-located land is emerging with the development of large-scale pro-poor strategies. The most common problem is that new low-income housing areas are located too far away from the means of livelihood of the local population with the high cost of transportation being prohibitive for the affected families. A number of countries have postponed or abandoned structural reforms to the legal and regulatory environment of the land and housing markets and policy makers still neglect the importance of land as a major input into the provision of housing services.
- Property rights, and especially land titling programmes, remain too narrow and have not led to the social and economic outcomes sought. While there is considerable evidence of increased tenure security, investment in



housing, access to formal credit and municipal revenue do not seem to have increased with the promotion of titles more than they did under other tenure regimes. To date, there is no clear evidence of poverty levels being reduced owing to the access to formal titles either.¹⁵¹⁶

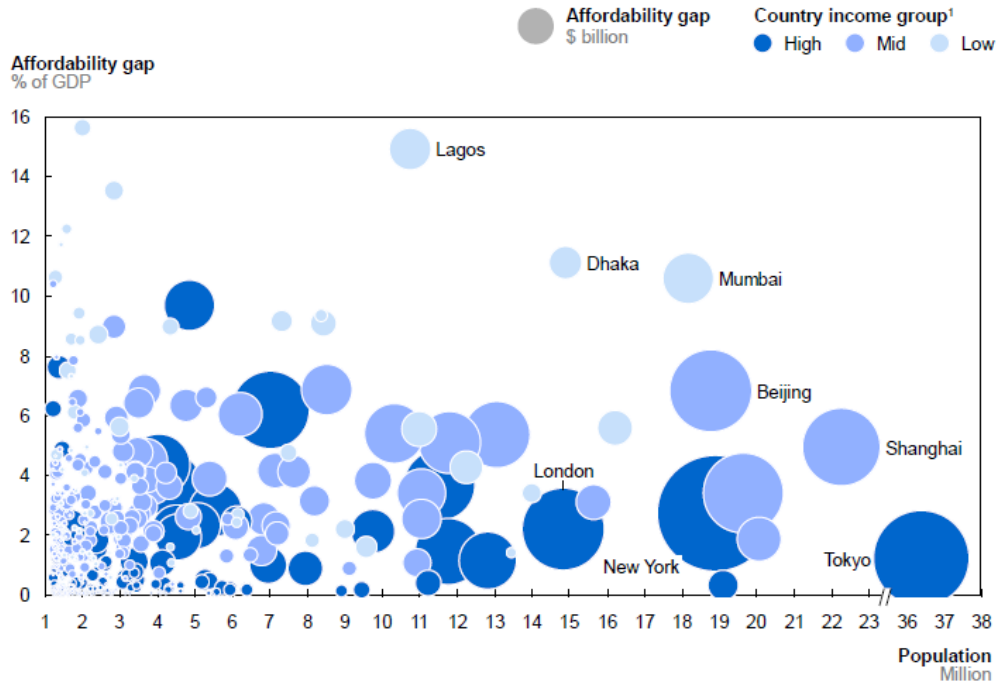
- Most governments have sought to encourage owner-occupation to the detriment of other types of housing tenure, especially rental housing. Tenants have increased at least in line with urban population growth. The 'rent generation' is rising as owning a home is out of reach for many more households. Across the world, evidence shows that rental housing contributes to enhance residential mobility, improve labour market and livelihood opportunities, can accommodate gender, cultural and disability concerns, and strengthens social and economic networks. However, few governments have formulated any kind of policy to help develop or regulate this form of housing.
- The emphasis on 'enabling the poor to help themselves' has contributed to the acknowledgement of local initiatives and innovations led by organizations formed and run by the urban poor or inadequately housed. Their responses have been more focused on local needs and problems, taking account of local ideas and based on local understanding, such as incremental approaches to housing, community planning and savings, microfinance and informal property markets. However, the challenge remains in moving from small-scale local experimental operations to whole structural urban and housing sector changes without losing the focus on the most poor and vulnerable.
- Knowledge has improved on the ways housing, poverty and livelihood interact. A wealth of empirical evidence has contributed the understanding of how low-income people mobilize resources and organize themselves to access land and housing often drawing on the informal sector and networks of social capital. Housing provides increased security, a potential source of income-generating activities and, if well serviced and appropriately located, it allows for inclusion, better living conditions and access to livelihood opportunities.
- Accurate forecasts on housing needs are lacking and quantifying these estimates has not been straightforward. Information on demographic changes, socio-economic conditions and cultural preferences is either scant or poorly acknowledged by policies. Further difficulties are related to assessing the inadequate, derelict and obsolete housing stock, that is, the qualitative deficit. The gaps on information are significantly jeopardizing housing policy design and implementation.

¹⁵ Payne G.; Durand-Lasserve A. Evaluating impacts of urban land titling: results and implications: preliminary findings. Available at: <http://siteresources.worldbank.org/RPDLPROGRAM/Resources/459596-1161903702549/S7-Durand.pdf>

¹⁶ Payne G.; Durand-Lasserve A. (2012). "Holding On: Security of Tenure - Types, Policies, Practices and Challenges" Research Paper prepared for the Special Rapporteur on adequate housing. Available at: <http://www.ohchr.org/Documents/Issues/Housing/SecurityTenure/Payne-Durand-Lasserve-BackgroundPaper-JAN2013.pdf>



Fig. 1 The housing affordability gap for approximately 2,400 cities

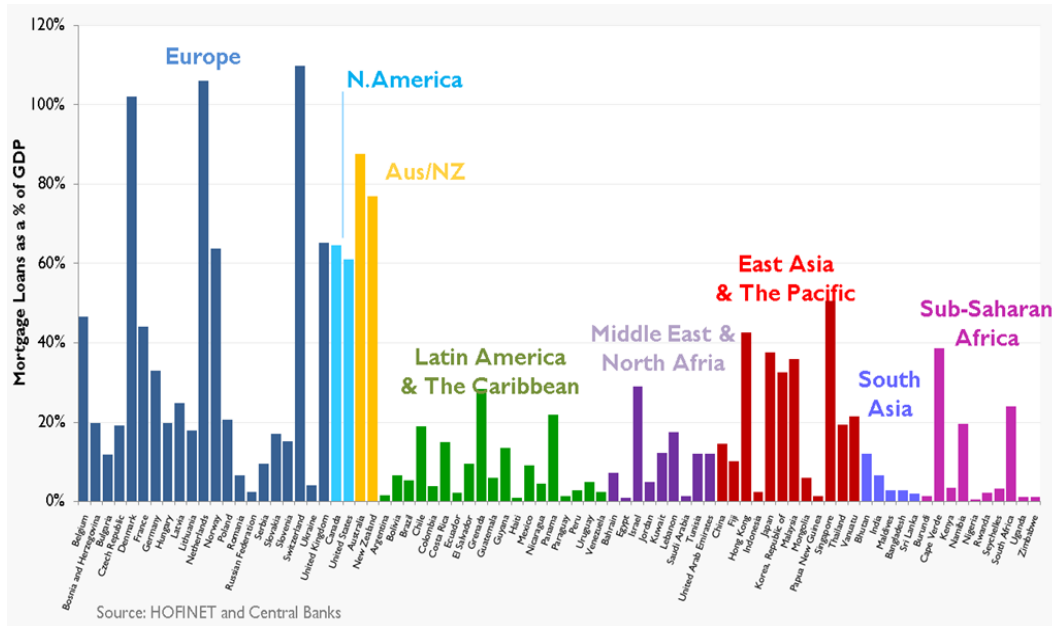


1 As defined by World Bank.

SOURCE: World Bank; UBS Prices and Earnings Report 2012; Numbeo; CEIC; Deposits.org; Global Banking Pool; Royal Bank of Scotland; Zillow; Metrosclubicos; Exame; Notaires Paris Ile de France; Jones Lang LaSalle; McKinsey Global Institute Cityscope database; US Census Bureau; national statistics offices; McKinsey Global Institute analysis



Fig. 2 Total Outstanding Mortgage Loans Relative to GDP -2013



KEY DRIVERS FOR ACTION

- Recognition that housing issues are closely related to human rights and targeting the most poor and vulnerable groups is crucial if the situation is not to deteriorate. The solution of housing challenges cannot depart from addressing the root causes that violate the principles of non-discrimination and equality in the access to housing, not only on the basis of gender and geography, but also on the basis of race, culture, religion, age, disability and social and economic status. Technical, legislative and financial efforts shall be focused to progressively realizing the right to adequate housing for all and especially the most poor, vulnerable and minority groups, while also addressing aspects of participation, non-discrimination, security of tenure, transparency and accountability.
- Housing positioned at the centre¹⁷ of national development through systemic reforms and long-term policy and finance. A simultaneous twin-track approach with curative (slum upgrading) and preventive (new provision) housing policies should be promoted as well as concerted, participatory and coordinated efforts of governments, development finance institutions, private sector and civil society in the design, finance and implementation of responses. The housing sector accounts for a significant share of wealth and resources and when managed effectively, it can be an important source of economic growth, stability and resiliency, as well as a major component of the social development agenda of a country.

¹⁷ In its resolution HSP/GC/25/L.6, the 25th Session of the Governing Council of UN-Habitat “Takes note of the **“housing at the centre approach”**, which positions housing at the centre of national urban policies and of cities, and encourages the United Nations Human Settlements Programme and member States to consider the implementation of the Global Housing Strategy, as appropriate, including through the design of tools and mechanisms to promote inclusive housing finance at the national and local levels to bridge the housing gap and to contribute to the progressive realization of the right to adequate housing for all”.



- Strengthened role of governments beyond enabling to continuing or reassuming, as appropriate, a leadership part in responding to the housing needs, especially of the most poor and vulnerable, strengthening policy and regulatory frameworks, encouraging pro-poor performance of the markets, and providing of last resort, including safety nets and subsidies that target the affordability of housing and urban services.
- Greater care and transparency over subsidy in all its forms reforming, increasing and moving government assistance down the income scale to those in most need. Improving the effectiveness of government expenditures for the poor with instruments for redistribution, value capturing and cross-subsidies between various income categories and different land uses. Increase subsidies and incentives on the supply side as well as various forms of possible demand-driven subsidies without shifting the focus from the most poor and vulnerable groups.
- Encourage innovative and more inclusive housing finance systems including through incentives to housing finance providers who lend to low-income groups and alternative financial institutions for low-cost housing. Strengthening the provision of institutional incentives to the private housing finance sector and stimulate efficient lending without exposing the state to excessive risk. Promote new approaches to tenure, collateralization and guarantee mechanisms. Encourage housing microfinance and promote community-finance and various incremental loans adapted to gradual building processes.
- Stronger nexus between housing and urban planning practice in particular through improving the linkages between housing, accessibility and livelihood in cities. A continuous, participatory and inclusive urban planning process should be the starting point and framework for improving access to adequate housing. Mixed land-use, planned city extensions or urban in-fills combined with better transport infrastructure should be promoted to improve access to housing in well-located areas and livelihood opportunities for low-income groups, as well as to mitigating urban hazards and health risks.
- Housing tenure types other than freehold ownership should be encouraged, reflecting the various needs and preferences of different groups, including leaseholds, condominiums, cooperatives, shared leaseholds and especially various forms of rental housing. A continuum of tenure types should be available all providing adequate security of tenure in order to guarantee the welfare of households and stimulate housing incremental improvements and expansion.
- The incremental nature of housing should be translated into policy. Subdivision regulations and building codes need to be sufficiently flexible and appropriate to local conditions, acknowledge and allow the incremental nature of housing development and should preferably be performance-based and not prescriptive. Assisted self-construction and sites-and-services are some of the practices that should be promoted as well as innovative sustainable and locally-based construction techniques.
- More inclusive and context-based building regulations adapted to the reality of housing provision in lower-income countries, encouraging sustainable building design and the substitution of imported by locally produced constructions inputs, maximizing the use of local materials and components while striving for climatic appropriateness, energy-efficiency, lower carbon emissions and environmental friendliness of the production processes of materials.



PLATFORMS AND PROJECTS

UN-Habitat Global Housing Strategy (GHS) http://mirror.unhabitat.org/downloads/docs/11991_1_594827.pdf,
<https://www.linkedin.com/grp/home?gid=4513944>

UN-Habitat Participatory Slum Upgrading Programme (PSUP) <http://www.mypsup.org/login>

United Nations Housing Rights Programme <http://ww2.unhabitat.org/programmes/housingrights/>

UN Inter-agency Housing and Urban Rehabilitation in Haiti <https://www.unops.org/english/where-we-work/latin-america/Pages/Haiti.aspx>

World Health Organization Housing and Health platform <http://www.who.int/hia/housing/en/>

This Issue Paper has been elaborated with contributions of UN-Habitat, OHCHR, UNOPS, WHO, UN Women