

# HOUSING AND THE CITY IN THE NEW MILLENIUM

## Propositions for a new global urban agenda at Habitat III Conference

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### Preamble

#### Understanding Housing

Attributes of housing; housing markets; policy matters;

The Housing Problem today (regions, local, national)

Housing in the International Agenda's

People's process

Habitat I (1976): recognizing slums as a solutions

The International Year of Homeless (1987): slums and housing needs

Global Strategy for Shelter to the Year 2000 (GSS 1988): the first global housing strategy

The Global Agenda 21 (1992): housing and sustainable cities

Rio + 20 conference

The world bank's seminal pieces on enabling housing markets to work the world bank and the

The World Bank and the Agenda for the 90's

The UNDP Agenda:

The Habitat Agenda (1996): recognizing the right to adequate housing

The Millennium Summit (2000): recognizing the problem of slums

Housing and Sustainable Urbanisation: shifting paradigm; housing versus houses; housing matters;

Housing Crisis World Crisis

A new agenda:

Incremental housing development; scale versus quality and housing enclaves; sustainability and housing construction; right to adequate housing; diversity and scale: price, location, size, standard, typology; housing and a new generation of urban planning; rental housing;

Legislation:

Density

### PREAMBLE

What is it that makes housing so unique? Is it because it interfaces with every single aspect of the economy of a country<sup>1</sup> providing jobs and income to billions of people and firms, triggering innovation in multiple development sectors and propelling the prosperity of cities and the urban economy<sup>2</sup>? Or is it because housing is a fundamental human right, recognized internationally since 1948, as part of the right of every human being to have an adequate standard of living<sup>3</sup>? Or is it because housing takes up 70% of the land cover of the built-up environment of cities and it is inexorably attached to the planning, design and management of urban spaces and thus determining the rules, urban patterns, form and density of cities<sup>4</sup>? **Or is it because it is the most valuable asset a common household builds in a life time which generates a total wealth in the world worth more than USD 50 trillion<sup>5</sup> or the equivalent of more than 2 times the GNP of the entire world at 1990 prices?**

One could argue and there is sufficient evidence to sustain that housing is ultimately a basic need of every human being. It is demanded by individuals and households and often placed at the top of their priority list next to food, health, education and employment. Thus, housing is central for human development and for the progress of humanity. Consequently, accessibility to adequate

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housing<sup>6</sup> becomes a function of sustainable development and by default an essential element of sustainable urbanization that will determine 'the future we want'<sup>7</sup> for an increasingly urban planet. Thus, shifting paradigm towards sustainable cities inescapably leads us to a new paradigm in housing policy and practice that is intermingled to cities, urban management and planning.

But housing may become a liability if not properly dealt with by public policies given that 40% of all greenhouse gas emissions find its origin in housing. It is originated from the production and use of building materials, finding its origin in the utilization of office buildings, individual and multi-family buildings and residential areas. Thus housing brings with itself an intrinsic environmental dimension of great global concern. Given the significantly high demographic pressure and social demand for housing, many governments have embarked into large investments in mass housing programs, usually built on cheap land situated at the urban fringe and peri-urban areas<sup>8</sup> which result in urban fragmentation and the expansion of the ecological and urban footprint of cities. In other words, if the housing-city nexus is not reflected into urban policies and urban development strategies one may observe urban growth patterns that are characterized by the reproduction of costly and unsustainable city forms comprised of inefficient configurations of land use and less than efficient urban densities.

By deriving the notion of sustainable development<sup>9</sup> and applying it to urbanization and housing, what it means in practice is that if there is no policy and mechanisms in place that enable people to have their housing needs satisfied in the cities where they choose to live, it is likely that the prosperity of future generations are already compromised from the outset, either by unsustainable urban growth and expansion of its urban footprint or by severe scarcity of affordable housing, leaving only one option to people but to resort to informal housing areas and slums<sup>10</sup> where they will lead a life that are deprived from the most basic conditions for human habitation. The multiplication of informal settlements and slums is not conducive for a sustainable urban future. This phenomenon and the conditions it produces on cities are not more than the physical manifestation of housing shortages and the outcomes of distorted housing markets, a mal-functioning housing sector and inadequate housing policies<sup>11</sup>. The resulted social exclusion and spatial segregation are not compatible with the precepts of sustainable urbanization<sup>12</sup> and the fundamentals of sustainable cities.

It is therefore essential to understand housing and its various attributes that connect itself directly to the city and to urbanization, and vice-versa, and deconstruct the interfaces it has with the rest of the economy. This will unveil the number of responsibilities, roles and duties that fall under the jurisdiction and mandate of city governments. Deconstructing all these will not only enrich our deep understanding of the underlying mechanisms of housing production in the city but also enhance the affectivity of policy makers and city managers that will help inform the international community to find the place of housing into the development agenda of today and tomorrow, where cities become the locus of human development and social transformation in the 21<sup>st</sup> century.

Thus the housing question is central for the future of our planet and our civilization that is likely to be comprised of cities and urban agglomerations. It is a profound oversight not recognizing that the urbanization trend that goes hand-in-hand with housing investments is irreversible. It is a fundamental mishap not understanding the transformative power of urbanization and the symbiotic relationship between housing and the city in shaping the future of humanity. This has serious implications for the way governments, civil society organizations, academic institutions and the private sector are addressing the problems that are already visible and that are becoming politically volatile and morally unacceptable for society.

Unpacking the housing-city nexus and understanding the deep-rooted causes of the housing problems faced by the peoples of the world is indeed critical for changing the status quo that has prevailed in housing practice for the last 50 years but not sufficient to come up with innovative propositions that will shape a new generation of government policies and strategies in the 21<sup>st</sup> century. The political will and commitment of governments and civil society organizations are indeed important and are likely to influence housing sector reforms and the establishment of a different governance system with rules and institutions capable to effectively regulate and facilitate actions of multiple economic, political and social actors. But it is of utmost importance to change dominant thinking and overcome public misconceptions and scholarly bias that perpetuate the notion of housing as a synonym of houses and shelter. It is not about shifting strategies to produce more housing units, overcome housing deficits and accomplish numerical targets of units set in national programs and political campaigns.

There is a need of a paradigm shift. It is about producing a diversity of solutions and opportunities for different segments of the population who face housing problems in different ways and have diverse capabilities to solve them in various manners according to their means, resources and available social and economic support that they find within the domains of city management and planning. It is about integrating housing into urban management and the planning of cities and vice-versa, creating a different paradigm of urban planning and a new generation of urban plans. It is also about the locational attribute of housing. The location and therefore the availability and delivery of serviced land for urban development become part and parcel of the city planning and an inherent element of the fundamental shift in policies. It is about understanding housing as much as it is about what makes up a city and how it is managed and planned. It is about accepting housing as an incremental development process led by individuals, communities and social economic actors and their outcomes as well as understanding it as a multi-faceted economic powerhouse that generates commodities, social welfare, jobs, incomes, technological innovation and ultimately wealth, prosperity, social cohesion and human development.

This discussion paper argues that housing is inexorably connected to a sustainable urban future, determining the form and function of cities and our planet in the 21<sup>st</sup> century and therefore essential for the future of human kind. The paper is prepared as a contribution to the ongoing debate about the new urban agenda that is likely to emerge and be adopted by the Habitat III conference in 2016, the third United Nations Conference on Human Settlements under the title of 'Housing and Sustainable Urban Development'. Thus, one of the pillars of the conference is housing which means the debate has finally surpassed the dubious concept of shelter that has been enshrined in all previous UN conferences on the topic. The paper makes an attempt to deconstruct the notion and meaning of housing, build a common understanding about housing and its implication for informed public policies. It also unfolds the synergy between housing and the city bringing to the forefront a debate on urban and housing policies that can effectively shift paradigms. The paper looks at the housing problem from a global and local perspective and makes a brief recollection of key international development agenda's and the way these documents refer to housing. Finally, the papers suggest key propositions that, if accepted and endorsed, will start shaping a new set of policies that will help improving accessibility to adequate housing for more people in cities around the world.

### **UNDERTANDING HOUSING AND ITS SYMBIOSIS TO CITY BUILDING**

The failure of urban planning in providing development guidance to cities had become evident during the 1980's although planning processes continued to produce blue-print urban plans commonly named statutory, normative master plans. Amongst other things, these plans were rather fixated with regulating action rather than be action oriented, focused on segregating land use in the city, were intrinsically rigid and not capable to respond to rapidly changing social demand and

technologies and to the renewing requirements of urban life. With rare exceptions, by the time these plans were approved and turned into law they had become already obsolete as instrument of urban policy and urban management<sup>13</sup>. Notoriously was the disconnection of these plans from land and housing markets dynamics. Comprehensive plans, integrated urban development plans and structural plans were sort of town planning responses that rose as alternatives to master plans but retained its normative physical planning characteristics and shortfalls mentioned above.

Strategic planning emerged as a shift in practice during the 1990's when strategic plans became a new panacea as cities adopted processes to overcome the limitations of the master plan paradigm, bringing more participation and flexibility in developing and implementing a vision for the city that placed economic and social dimensions at the forefront of spatial and territorial planning. Yet, not sufficient attention was given to the housing-city nexus and therefore despite changes in the types of plans the outcome was the continuation of traditional normative urban planning practice and its intrinsic shortcomings that lie at the roots of informal urbanization. Paradoxically as it may be seen, an effective urban policy must have at its foundation the articulation between housing and the city in case it intends to curb informal urbanization and bring cities to a planned path of development. And in order to do so it is imperative for policy makers and city leaders to develop a full understanding of housing and how it directly links to the planning and management of cities and urban development.

Housing is more than simply bricks and mortars, a roof over walls and foundations<sup>14</sup>. It is far more complex than houses and buildings on a parcel of land. Housing is multi-dimensional, multi-disciplinary, multi-institutional and has a range of economic, political, social, legal and technological attributes that dramatically influence policy options and the behavior of providers and consumers of housing and urban space in the market place. Housing has multiple attributes associated with its location, size, tenure, materials, services and value that ultimately define what and where it is built in the city, how it is developed and for how much it is built vis-à-vis what people is demanding, able and willing to pay for. For scholarly housing practitioners, this notion of housing is obvious and appears redundant but a critical and retrospective review of housing practice and urban and housing policies during the last 50 years will unveil that a rather archaic view of housing has dominated the policy discourse focused amongst other things on housing deficits and massive production of houses.

Housing size is defined by available land and spaces that are regulated by building codes, development control regulations and land-use ordinances when realized formally and under the rules and laws governing urban development. Over-regulating the size of housing may result in housing shortages, overcrowding and higher prices. Altogether these fall within the domains of the city and jurisdiction of its government. Size as well as location link housing inherently to urban management and city planning where decisions are taken about the planning and design of land use, land subdivision, plot sizes and land development parameters. But the city is also affected by housing standards and housing typologies. The former is an attribute associated to housing quality that includes but not limited to the type of materials used for its construction, its finishing works and the durability of the building as a whole while the latter is directly linked to land-use planning.

Housing can be produced and realized either in single or multi-family solutions. The housing stock in many cities is commonly comprised of housing typologies ranging from stand-alone, row housing to multi-family housing complexes, built on small or large land parcels covering up major parts of the total built-up land of cities. Altogether housing typology defines the form and livability of neighborhoods and districts in a city because it directly affects the amount of land allocated for public space. It also plays a role in meeting the requirements of residential use and consequently relates directly to urban densities<sup>15</sup>. This symbiosis housing-density-city becomes more profound when one considers that housing takes nearly 70% of the land cover of the built-up environment in

the city. Furthermore, housing typology affects the optimal use of available land and public investments on infrastructure networks and services. Densely occupied neighborhoods tend to maximize the use of land and public investments on basic infrastructure. Housing typology and the urban density it generates is also closely linked to the economic feasibility of public transport networks and by default to the overall urban mobility in the city<sup>16</sup>. For example, urban legislation that promotes higher floor area ratio for residential use along public transport corridors follows this rationale. Bluntly said housing is at the core of the urban livability and urban efficiency of the urban structures and patterns of urbanization of cities. That is why housing policy really matters<sup>17</sup>

Location is another fundamental attribute of housing that unpacks an essential symbiosis between housing attributes and land policy e.g. physical accessibility, legal protection, price and value. Housing is immovable because of its inevitable attachment to a land parcel that gives it a unique location and a bundle of property rights that is attached to it which is usually defined in constitutional provisions, civil codes, bylaws and city ordinances. The land parcel determines its accessibility and the level of services available in the territory of the city where it is located. These locational and legal attributes turn housing into a unique commodity that most people buy and sell in the formal and informal immovable property markets. In a perfect market and provided that certain things remain constant, one can say that without land and the residential use attached to it one is not able to develop housing and therefore not capable of building cities. It is the use that is made of that land that enables people to settle and develop housing and cities. This will ultimately materialize the economy of agglomeration which is critical for economic development and that benefits the city directly.

The amount of transactions and economic activities that evolves from this locational attribute of housing that gives buoyancy to housing and land markets are in fact the key determinants of urban growth and spatial configurations of cities rather than urban plans and planning ordinances as many urban planners and managers tend to believe. The retention or release of land for housing and urban development depends on multiple issues, the ability of local governments to design and employ land management instruments, negotiations involving divergent and convergent interests amongst different stakeholders, etc. and should never be taken for granted for the purpose of urban planning. Furthermore it is the public investment in infrastructure that will make viable the full utilization of land for housing triggering the supply of serviced land and housing investments at scale. This is likely to produce greater accessibility to water, sanitation, electricity and other basic infrastructure networks. It would be too naïve to believe that land can be allocated to housing and other uses at will in the city. Ignoring the housing market dynamics and the housing-city link only reinforces shortcomings in urban planning that have physical impacts on the city such as informal settlements, slums, overcrowding, illegal land subdivisions and land and housing speculation amongst other things.

Housing has also an important human rights attribute. Seen by the United Nations as the right to live in a place in security, peace and dignity, the recognition of housing rights as a component of the right to an adequate standard of living<sup>18</sup> has triggered a large amount of policy, institutional and legal works to create the conditions for countries to fulfill and protect this right of their citizens<sup>19</sup>. Rather than having houses built by the State for its entire population, this legal and conceptual framework actually advocates for governments to adopt institutional, policy and financial mechanisms to enable greater accessibility to adequate housing, prevent homelessness, curb discrimination and prohibit unlawful forced evictions. Thus, a policy framework actually matters<sup>20</sup> for the realization of the right to adequate housing. And the recognition of this right brings to the forefront the attribute of dignity of human beings that evokes the respect for one of the highest values of human civilization that is increasingly finding its development in cities and urban agglomerations.

This notion of housing rights and the rights of individuals to adequate housing has been acknowledged by hundreds of national constitutions since 1996 when the state signatories of the Habitat Agenda and the Istanbul Plan of Action committed themselves to 'promote the full and progressive realization of the right to adequate housing'<sup>21</sup>. The Habitat Agenda defined a broad meaning of shelter but by adopting the notion of shelter it did not articulate sufficiently the link housing-city and its implications for urban policy and sustainable urban development. Nevertheless, the implementation of the Habitat Agenda during the last 20 years has helped to further define in practical terms the seven elements of housing adequacy<sup>22</sup>: (1) Security of tenure (*and protection from forced eviction*), (2) Availability of services, materials, facilities and infrastructure, (3) Location, (4) Habitability, (5) Affordability, (6) Accessibility and (7) Cultural adequacy. Out of these 7 elements of housing adequacy, four of them connect adequate housing directly to the city, its infrastructure networks and urban services, and land and property rights associated to its location.

Housing has an overwhelming economic dimension that goes beyond the city domain. The global financial collapse made unequivocally clear how deep the housing sector is intrinsically connected to practically every single part of the economy of a country in the world. The global economic crisis revealed its deep roots in the housing market and particularly in the housing finance industry<sup>23</sup>. In a country where the housing sector is functioning adequately, housing acts as a powerhouse for economic development, prosperity and wealth creation involving a multitude of institutions, regulations, policies, different stakeholders and significant government participation in the supply of land, infrastructure and finance. This economic dimension should not be undermined given that the housing sector is responsible for sizeable parcel of a country's GDP that may account up to 20%<sup>24</sup>. If something is malfunctioning in the housing sector the impact on the economy is immediately tangible and vice-versa. The impact of housing in the financial sector should not be underestimated either. Both in terms of employment generation in the wide range of financial services, loans and mortgage management, but also in the building industry, construction sector as well as in labor markets. The chain of economic and productive relations that evolves from its close link to the economy directly impact on cities and urban agglomerations making it tangible on the urban territory the housing-city nexus in its multiple dimensions and attributes.

Defined by UN-Habitat, 'housing is an integral element of a nation's economy. Its backward and forward linkages with other parts of the economy closely bond people's needs, demands and social processes with the supply of land, infrastructure, building materials, technology, labor, and housing finance. These linkages allow housing to act as an important engine for sustainable development and poverty reduction in both society and the economy. Operating within an overarching governance framework, defined by institutional and regulatory systems that enable society to build homes and neighbourhoods, housing has an inescapable physical manifestation through the building of houses, dwellings, shelter, accommodation, site & services and/or residential units. Without a functioning housing sector, urban centers cannot be established or developed. A functioning housing sector offers appropriate, affordable housing and sustainable patterns of urbanization - which are critical for the future of our ever-urbanizing planet'<sup>25</sup>.

All these attributes mentioned above make housing a special commodity, a private good of public interest that is produced by multiple institutional arrangements<sup>26</sup> involving public, private and community-based actors, formal and informal developers, that propel housing markets. The impact of housing markets on urbanization and particularly on the form and structure of cities seems to be insufficiently understood by policy makers and urban managers and therefore not incorporated into planning and management of cities and overall public policies. This may explain shortcomings of city governments in regulating and guiding investments in infrastructure and housing which adversely affects the financial and economic feasibility of urban plans. Public policies that insufficiently

articulate the city-housing connectivity in its implementation strategies generate constraints in housing accessibility and affordability that trigger the multiplication of informal land and housing developments. This becomes more acute in the absence of affordable housing finance leading to housing shortage in various segments of the market coupled with appalling housing prices. The resulted exclusion of large part of the population from adequate housing often produces pervasive spatial segregation and social exclusion and generates more slum and informality that form a compound risk for sustainable urban development and the life in the city for future generations.

The housing stock in urban agglomerations will have to double in 2030<sup>27</sup>

Or is it because the urban housing stock alone represents as personal assets a wealth of monetary value of the order of more than USD 50 trillion<sup>28</sup> or the equivalent of more than 2 times the GNP of the world at 1990 prices?

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<sup>1</sup> Angel, Soly (????). Housing Policy Matters

<sup>2</sup> UN-Habitat (???). State of the World Cities Report 2012-2013

<sup>3</sup> Universal Declaration of Human Rights

<sup>4</sup> Acioly, Claudio and F. Davidson (1996; 1999). Urban Densities.....

<sup>5</sup> Angel, Shlomo (2000). Housing Policy Matters. A Global Analysis. New York: Oxford University Press.

<sup>6</sup> Fact Sheet 21. The Right to Adequate Housing, defines 7 dimensions of adequate housing

<sup>7</sup> United Nations (2012). The Future We Want

<sup>8</sup> Countries like China, Brazil, Chile and Mexico have adopted large scale national programmes that have achieved remarkable annual production but at the expense of expanding cities beyond their ability to provide for mobility and urban services as found in the urban core. See for more information UN-Habitat (2012)....?????, PUEC-UNHABITAT , Mexico Housing Profile, China (Lincoln Institute of Land Policy)

<sup>9</sup> The Brundland Report ????????, sustainable development is defined as actions of today should not jeopardize the lives of future generations

<sup>10</sup> According to UN-Habitat, slums are defined as Global Report on Human Settlements 2003.

<sup>11</sup> Acioly, Claudio (????) The Phenomenon of Slums.... Lincoln Institute of Land Policies

<sup>12</sup> Sustainable cities are defined and

<sup>13</sup> Acioly, Claudio (2000). Planeamiento Estratégico: que hay de nuevo en la práctica del planeamiento urbano, in Pobreza Urbana y Desarrollo, no. 20. Buenos Aires: IIED-LA, Instituto Internacional de Medio Ambiente y Desarrollo de America Latina.

<sup>14</sup> Acioly, Claudio (014)...

<sup>15</sup> Commonly measured as inhabitants per hectare (inhabitants/ha)

<sup>16</sup> Acioly, Claudio and F. Davidson (1996) Urban Densities

<sup>17</sup> Angel, Soly (???). Housing Policy Matters

<sup>18</sup> Universal Declaration of Human Rights

<sup>19</sup> Acioly, Claudio (preface of book Jan & Smets)

<sup>20</sup> Soly Angel (????). Housing Policy Matters.

<sup>21</sup> United Nations (????). The Habitat Agenda

<sup>22</sup> UN-Habitat and Office of United Nations High Commissioner of Human Rights (2010). 'The Right to Adequate Housing', Fact Sheet 21. Geneva: OHCHR.

<sup>23</sup> Acioly, Claudio (2014).... Housing

<sup>24</sup> World Bank (1993????). Housing. Enabling Housing Markets to Work; Tibaijuka, A. (2010). Prosperity and Housing)

<sup>25</sup> UN-Habitat (2011). A Practical Guide for Conducting Housing Profiles. Nairobi: United Nations Human Settlements Programme.

<sup>26</sup> Acioly, Claudio and Matthew French. Informal Developers ....

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<sup>27</sup> United Nations (1998). World Urbanization Prospects: The 1996 Revision. New York: Department of Economic and Social Information and Policy Analysis, in Angel, Shlomo (2000). Housing Policy Matters. A Global Analysis. New York: Oxford University Press.

<sup>28</sup> Angel, Shlomo (2000). Housing Policy Matters. A Global Analysis. New York: Oxford University Press.