

# SDG 11.1

## COMMENTS BY CLAUDIO ACIOLY

I am referring to the computation of 'inadequate housing', and the indicator for housing affordability outlined as 'housing cost overburden rate', as mentioned in the publications

(a) 'Module 1: Adequate Housing and Slum Upgrading' and

(b) 'Metadata on SDGs Indicator 11.1.1 – Indicator Category: Tier I'.

I believe that there are some confusing issues that need to be clarified.

Let me comment and bring some issues for your consideration regarding the indicators for the SDG 11.1 that reads 'By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.'

1.

There is a contradiction between the two publications when suggesting that inadequate housing can be measured by the proportion of households with net monthly expenditure on housing exceeding 30% (page 10 in the publication Metadata on SDG Indicator 11.1.1 – Indicator category: Tier I, or exceeding 40% (publication MODULE 1 Adequate Housing and Slum Upgrading, page 30). Which one is suggested? There is inconsistency between these publications.

2.

There is also confusion in the concepts and how they should be measured. By international standards and references, the concept of inadequate housing is associated with quality indicators while the concept of affordable housing is associated with price indicators related to the ability to pay of housing consumers. I am sending you an extract of a presentation as attachment that I use when dealing with indicators and which I used when delivering training on the use of CPI. This section is to develop the participant's understanding of the nature and usefulness of indicators. Please, check the part of the Housing Indicator.

3.

The most common measurement for housing affordability is the 'house price-to-income ratio' and the house rent-to-income ratio. The threshold is HPIR=3 and HRIC=25%. Above these ratios housing is considered unaffordable. The UN-Habitat Sample of Cities (200 cities) based on which we published the Fundamentals of Urbanization <https://unhabitat.org/books/the-fundamentals-of-urbanization-evidence-base-for-policy-making/> clearly reveals the unequivocal evidences of the housing affordability crisis, with all the cities presenting a house-price-to-income ratio higher than 3 and the amount of household income committed to rent above 25%.

4.

The threshold 3 and 25% is internationally accepted for defining the housing affordability ratio. These are widely used by several international organizations and by most national and international housing market players. The annual Demographia International Housing Affordability Survey <<http://www.performanceurbanplanning.org/>> as well as the IFM Global House Prices Survey, the World Bank and the Economist Housing Prices Survey all adopt these indicators of price to define housing affordability.

5.

My recommendation is to use these indicators and threshold as points of departure to assess whether the SDG11.1 on affordable housing is being achieved or not. This is not a difficult indicator to sustain both in available information, data collection practices and verification for the purpose of monitoring that are frequently found in many places in the world. I strongly advise you to keep these indicators as one of the keys to measure the achievement of the SDG11.1

6.

These two housing affordability indicators are widely used and data frequently collected for the purpose of monitoring housing markets, accessibility and obviously affordability. This since the ground-breaking work of the UN-Habitat-World Bank Housing Indicator Programme carried out in the beginning of the 90's, covering 65 cities in the world, as one of the outcomes of the Habitat II process. We should build on the work done in the past, consider the institutional memory and avoid starting from scratch. There are a lot of publications available on this work. I have used this often in my professional work prior and during my tenure as head of housing policy of UN-Habitat. It is really ground-breaking work.

7.

The publication of the Housing Module suggests the adoption of the measurement indicator of HOUSING COST OVERBURDEN RATE' defined as "the proportion of the population living in households where the total housing costs ('net' of housing allowances) represent more than 30%/40% of disposable income ('net' of housing allowances) ". This is a typical indicator used in Europe and CEE countries where there is more abundance of data and a culture of monitoring and data collection. This is extremely difficult to sustain in developing countries. The collection of information and data to assess the costs on utilities such as water, sewerage, environmental cleanliness, heating, electricity, property tax, rent, service fees (for multi-family housing) etc is a costly and time-consuming endeavor. Let alone the variety of items involved.

8.

I have also followed - and the reports reveal this – the discussion on slums versus informal settlements. Prior to joining UN-Habitat I only used the concept of 'informal settlement' because I believed it encompasses the different manners through which settlements are produced, meaning that they arise as a result of encroachments on public/private land or as a result of illegal land subdivision (informal transactions of sales and purchase of plots) or building on formally purchased land but without following the building and planning regulations. However, despite of its intrinsic controversies, the slum definition bares a political and moral weight that we should not underestimate. Furthermore, it has been adopted in many national censuses. In Latin America this is evident. Given that the adoption of international standards and definitions take time to be implemented locally/nationally, I would strongly advise to build on the slum definition and strengthen the practice and methods of existing data collection. This will be the most powerful indicator to unfold the amount of 'inadequate housing'.

9.

The Housing Module publication defines informal settlements on page 15. This is poorly defined, not comprehensive and does not refer to any internationally published materials on the subject. There is a lot of professional and academic work done which is not reflected in this definition. I would strongly advise to review and rewrite this Housing Module and then submit it to a peer review of international experts on the subject before it goes public. The first part of this report needs a lot of work. It compares inadequate housing to access to hospitals and jobs, makes a weak analysis of the causes and factors behind slums, and so forth. UN-Habitat ground breaking work on slums needs to be well-referenced here as well so that it shows continuity and evolution.

10.

The decision to adopt indicators and data collection to measure informal settlements will be a challenging one. It needs to be based on a thorough analysis of what defines informal settlements within an international context, covering all the modalities of settlement formation and ways to define it that can become a common ground like the operational definition of slums. Only then, it will be possible to define the types of indicators to measure informal settlements.

11.

Finally, the Module 1 report suggests a measurement considering the 7 criteria of adequacy as formulated in the Right to Adequate Housing framework. This is very interesting proposition but 3 of them are already included in the slum definition (security of tenure, infrastructure and services, building quality/materials). The other dimensions will be extremely difficult, time-consuming and costly to collect data and sustain and indicator(s).

All in all, I think that the SDG11.1 needs to be well thought on its indicators and definitions because it encompasses both affordable housing and slum upgrading, it has both the preventive and the curative aspects of policies.

I am copying our colleagues from the Branch because maybe we can hold an internal and informal discussion on the SDG11 and build a branch position on some of the issues at stake.