



“Implementing the New Urban Agenda: Promoting Access to Adequate and Sustainable Housing¹”

Theme Paper of the 26th Session of the Governing Council:

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EXECUTIVE SUMMARY

Housing is the engine of the New Urban Agenda-NUA and the Sustainable Development Goal-SDG 11. The transformative power of housing cannot be underestimated. Nearly 70 percent of the land cover in cities is used by housing and residential services. Any investment in housing has an immediate impact on cities and profound influence on people's life. Furthermore, housing plays a catalytic role in economic development, employment generation and poverty reduction. The housing sector with its public and private institutions, laws and regulations touches every single aspect of the economy of a country and has interface with practically every development sector². The forward and backward linkages of housing establish connections with several policy areas that deal with, but not limited to, technology and research, labor markets, water and sanitation, building industry, land and property rights and the financial sector with its monetary policies and financial institutions. A well-functioning housing sector propels GDP growth representing up to 20percent of GDP in some countries. But Housing is also a basic human need and part and parcel of the right for an adequate standard of living of all human beings³. 176 member states '*committed to promote the full and progressive realization of the right to adequate housing as provided for in international instruments*' when they undersigned the Istanbul Plan of Action and the Habitat Agenda in 1996⁴. Similar commitment has been made by member states when adopting the NUA in Quito, 2016.

This theme paper was prepared as background for the 26ths Session of the Governing Council of UN-Habitat in 2017. It is divided in four sections. The paper first outlines the critical housing problems that prevent people to access adequate housing and the challenges faced by governments to provide housing opportunities at scale and diversity in size, location and price that is affordable for the population. It provides facts and figures on the gaps between the demand and supply, affordability and the cost of housing in relation to incomes, the constraints in land delivery for housing and informal housing developments that result in the expansion and densification of slums and informal settlements. It argues that these are forces propelling informal urbanization that hinders cities to embark into a path of planned and sustainable urbanization. As such, if housing problems are not resolved, it will severely affect the implementation of the New Urban Agenda.

The second section focuses on the international development agendas and the role of housing in the achievement of the 2030 Agenda, the SDG 11, Target 11.1 and the New Urban Agenda-NUA. It articulates the strategy of Housing at the Centre of national and local urban agendas and the connection it makes with the realization of the commitments and goals of the NUA. It argues that housing contributes directly to sustainable urbanization and its realization enables people to live in dignity, peace and security while providing opportunities for poverty reduction and economic development. Housing at the centre of national and local urban policies is a driving force in the implementation of NUA and SDG11.

The third section focuses on ways forward for housing to contribute to the implementation of the New Urban Agenda (NUA) following its five action-oriented strategies: National Urban Policies, Rules and Regulations, Urban Planning and Design, Financing Urbanization and Local Implementation. National urban policies provide the organizing and unifying frameworks for sectorial approaches to be formulated and implemented in integrated manner. As an important element of national development, housing should therefore be at the centre of national urban policies orchestrated with economic and social policies and integrated into urban development policies. The establishment of a sound regulatory system is paramount for housing to play its catalytic role in the economy and be developed in consonance with land, infrastructure and finance. The effective integration of housing into urban planning is critical to help cities to embark onto a path of sustainable and inclusive urbanization. Sustainable and culturally sensitive design of housing will contribute to climate responsiveness and preparedness. The enforcement of rules and regulations as well as the implementation of urban planning for housing delivery will depend on the availability of finance. Innovations in finance are needed in order to make housing markets more inclusive and affordable housing accessible at scale and in well located urban areas. Government at national and local levels must be involved as public financing is a critical component to finance housing. Finally, in the fourth section, a closer connection with local implementation and the reality on the ground is presented through examples of countries and cities and their efforts to improve access to adequate housing and bring the NUA and the SDG11 to full implementation.

1 Housing the World: understanding the challenges and harnessing the opportunities

The shift towards a predominantly urban world makes the process of urbanization one of the most significant global trends of the 21st century. Compounded by urbanization and rapid population growth cities around the world are facing persistent challenges to meet their housing needs. Not only the lack of adequate housing is enormous, but in many countries the stock of vacant houses increases even when millions of people are homeless. Housing affordability has become a global crisis with strong negative impact on the wellbeing of people and on the exacerbation of urban inequality, and slums remain the only option available for at least one quarter of the world urban population.

Clearly, a lot of the challenges faced by cities are related in one way or another to the way housing is being produced and consumed. The sustainable future of cities and the yields of urbanization will therefore strongly depend on tackling the housing issues and harnessing its opportunities.

1.1 Main trends and figures

More people living in cities

There will be 9 billion people on the planet by 2050; an addition of over 50 million a year. A significant increase in urban population will be seen, particularly in countries where urbanization levels are low like in Africa and Asia. In these regions, about 90 percent of total world-population growth is expected to take place by 2050, amounting to approximately 2.2 billion people who will need adequate housing, decent work, basic goods and services⁵.

The story is not about population growth alone. It's a story about e.g. older people, migration, climate change and more urban living. For sustainable urbanization, it's also about how each of those trends occurs in cities and towns, and how they affect each other.

Housing needs increasing with urbanization

The global housing challenge is growing fast with urbanization. By 2030, UN-HABITAT estimates an additional 3 billion people, about 40 percent of the world's population, will need access to adequate housing. This translates into a demand for 96,150 new affordable and accessible units every day and 4,000 every hour. An estimated 100 million people worldwide are homeless and 1 in 4 people live in conditions that harm their health, safety and prosperity.

The struggle to obtain adequate and affordable housing will affect people globally, but certain regions will be hit harder. About 85 percent of the demand for new adequate housing is expected in emerging economies, of which about 50 percent will be in China⁶.

Cities growing unplanned and less dense

In many parts of the world, national and local governments are struggling to manage urbanization. The UN Global Sample of Cities⁷, with examples for 200 cities around the world, has found that cities are increasingly less planned, and less dense. The density of cities in developed and developing countries has declined by 52.5 and 37.5 percent in the last two decades, following sprawled growth paths that are unsustainable and negatively affects the lives of people. The challenges to develop and enforce urban plans and land use ordinances, often result in increasing levels of informal urbanization and inadequate housing, most affectedly represented by the growth of slums and other informal settlements.

1.2 The main challenges around housing

Housing affordability

One of the more daunting challenges of urbanization globally, has been the provision of adequate housing that people can afford⁸. Findings from the UN Global Sample of cities show that people across all types of urban centres are not able to afford home ownership or actually the cost of rental housing. In low-income countries for example, households need to save the equivalent of nearly 8 times their annual household income in order to be able to afford the price of a standard house in their town or city. If they rent, households have to commit more than 25 percent of their monthly income to rent.

The affordability issue is affecting the developing and developed world alike. In Latin America, high house price-to-income ratio and inaccessible housing finance compel households to resort to informal solutions without the benefits of planning and safety regulations. In many parts of sub-Saharan Africa, less than 10 percent of the households are able to afford a mortgage for even the cheapest newly built house⁹. In fact, African households face 55 percent higher housing costs relative to their per capita GDP than do households in other regions¹⁰. Households in many European countries, and especially the youth, are severely cost burdened and have much less to spend on other necessities such as food, health, transport and clothing. In extreme circumstances, households are forced to leave their accommodation because of the inability to pay¹¹. The current migration crisis has worsened housing conditions in the region, a trend which seems set to continue in the next few years.

Inadequate housing, informal settlements and slums

Today, 1.6 billion people live in inadequate housing globally and an estimated 1 billion of those live in slums and other informal settlements¹². This means that about one in four people in cities live in conditions that harm their health, safety, prosperity and opportunities¹³. In spite of a decrease from 39 to 30 percent of urban population living in slums between 2000 and 2014¹⁴, absolute numbers continue to grow. Today, one quarter of the world's urban population is estimated to live in slums, 881 million urban residents as opposed to 792 million in 2000.¹⁵ Young women and children-headed households are often the most vulnerable to inadequate housing conditions¹⁶. Homelessness is also a growing challenge and it's estimated that more than 100 million people worldwide are homeless¹⁷.

Slums represent one of the most extreme forms of deprivation and exclusion and remain a critical factor for the persistence of poverty and exclusion in the world – indeed a challenge for sustainable and inclusive urbanization. Research shows that other forms of urban poverty in the form of informal settlements increasingly become a world-wide phenomenon found also in the developed world¹⁸.

Land and property markets

Another significant challenge around housing is related to the lack of serviced land and dysfunction of property markets. One of the most common problems related to land delivery systems¹⁹ is the reproduction of mass residential schemes which are built far away from the urban core because this where land is cheaper. This has had adverse impacts on the livelihood of the population and created costly, fragmented and unsustainable urban growth.

Property rights and security of tenure also have a profound impact on the housing sector as whole. The less protected and documented these rights the more housing becomes scarce, costly and inaccessible triggering a buoyant informal land and housing market and propelling slum formation and informal settlements. It is likely that less than 30 percent of developing countries are currently covered by some form of land registration – that is, about 70 percent of people in the developing countries are outside a register²⁰. In Sub-Saharan Africa, for example, more than five different land-rights systems can overlap, leading to confusion and often to land conflicts. This explains the endemic scarcity of affordable housing in Africa. It transforms housing into a risk investment sector compelling financial institutions and potential investors to either move to other sectors of the economy or apply very high interest rates on loans and mortgages.

Regulations also affect land supply for housing. Constraints in the regulatory environment e.g restrictions to multi-family housing, internal subdivision or addition of new units, new floors²¹ increase transaction costs and housing

costs. In cities where there is ample supply of land for urban development and few regulatory restrictions to land use, housing markets boom and price increases are lower²².

Sustainability, safety and resilience

The housing sector accounts for significant energy consumption. Households account for about 19 percent of total worldwide energy consumption.²³ The overall building stock which is composed mainly of residences is responsible for more than 40 percent of global energy use²⁴ and represents the single largest contributor to greenhouse gas emissions²⁵. 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 addition, house is a major environment of exposure to environmental hazards and health threatening factors due to lack of habitability, overcrowding, inadequate location and services, among others. Twenty three million people were made homeless by disasters in the past 10 years and 144 million were displaced by disasters between 2008 and 2012.²⁶ Indeed, many environmental risks are associated with the poor quality of housing structures and its location, hitting the poor hardest. Urban resilience is equally impacted by housing conditions and can be improved with better design and planning of housing.

More than half of the building stock in the developing world existent by 2050 is still going to be built. This means an opportunity to design houses that are more sustainable, safe and resilient. Good design will be key and there is immense opportunity for innovation.

2 Housing at the center of the Development Agenda: from Habitat I to Habitat III.

Access to Adequate housing has been recognized as a development problem since the founding of the United Nations and the adoption of the Universal Declaration of Human Rights. From the 'basic needs' policies towards the 'rights-based' approach to development, housing has been identified as instrumental to meet the growing needs of urbanization in a way that benefits all people. From Habitat I (1976) to Habitat III (2016), there has been significant progress in the way housing has been addressed by governments. One particular milestone was the adoption of the General Assembly Resolution 43/181 on the Global Strategy for Shelter to the Year 2000²⁷ urging governments to develop and implement national housing strategies that are integrated, multi-sectoral, gender and pro-poor, and promoting legal and institutional reforms to establish an enabling environment for multiple stakeholders in housing production and delivery. Many countries have gone to significant scale in housing supply during the last 20 years such as India, South Africa, Ethiopia, Morocco, China, Sri Lanka, Chile, Brazil, Mexico, Singapore and Korea. National and citywide slum upgrading programmes have been adopted in several cities of Indonesia, Thailand, India, Brazil, Colombia.

The adoption of the Habitat Agenda and the Istanbul Global Plan of Action by 176 countries in 1996 at the Habitat II conference, known as the first city summit, placed two important commitments e.g. 'adequate shelter for all' and 'sustainable human settlements development in an urbanizing world'. This has led to a variety of policies and approaches linking housing to urban policies. The cross-sectoral nature of housing and its linkage with sustainable development and the precepts of the Agenda 21 was recognized and this influenced both government policies as well as bilateral and multilateral cooperation. Governments²⁸ reaffirmed their commitment to the full and progressive realization of the right to adequate housing, as provided for in international instruments and for the fate of people living in poverty, vulnerability and exclusion. The recognition of cities and local governments as well as other actors found at the community level in the public, private and non-profit sectors was a significant breakthrough and has influenced a new generation of housing policies that placed responsibilities at the local level. The linkage with other sectors of the economy and the importance given to rules and regulations, institutions and capacity to manage the housing sector were paramount in the recommendations for measures to enable the

housing markets to work, secured land to be supplied at scale coupled with financial instruments and infrastructure development. The New Urban Agenda actually builds on this legacy of Habitat II and the Habitat Agenda.

In September 2015, the UN General Assembly adopted “Transforming Our World: The 2030 Agenda for Sustainable Development”. The Sustainable Development Goal 11 (SDG 11) “*Making cities and human settlements inclusive, safe, resilient and sustainable*” with the Target 11.1 “*By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums*” recognize the right to adequate housing and slum upgrading as critical elements to inclusive and sustainable urbanization. The SDG 11 builds on the MDGs unfinished business proposing a global commitment to address urban and housing problems more holistically.

In October 2016, the Habitat III Conference gave birth to the New Urban Agenda, a guiding framework for sustainable urban development for the next two decades. The NUA places housing at the center of sustainable urbanization and is therefore essential to the achievement of SDG target 11.1. In the implementation of the Agenda 2030 and the NUA countries and cities have the unique opportunity to integrate housing in the concerted efforts to develop human rights-based, strategic and globally aligned approaches towards inclusive and sustainable urban development.

2.1 Housing in the New Urban Agenda

The New Urban Agenda embodies a new vision of urbanization as the engine for sustainable development. In this vision, the full and progressive realization of the right to adequate housing is one of the transformative forces which can potentially lead the world to overcome challenges related to climate change, poverty, exclusion, inequality and positively influence cities to embark onto a path of inclusive, planned and sustainable urbanization. The NUA can be synthesized as a set of **five action-oriented strategies** for national, subnational and local governments to address the challenges and harness the opportunities of urbanization. These are: **National Urban Policies, Rules and regulations, Urban Planning and Design, Financing Urbanization and Local Implementation.**

The full and progressive realization of the right to adequate housing as outlined in the Habitat Agenda (1996)²⁹ and provided for in international instruments is at the center of the NUA³⁰. It is at the core of NUA’s principles to leave no one behind by, *inter alia*, providing equal access for all to adequate and affordable housing and upgrading slums. The realization of NUA’s transformative commitments towards inclusion, prosperity and sustainability³¹ largely depends on how housing strategies align and interact with the five action-oriented strategies outlined above. Particularly how, at the **national level**, housing policies integrate into the framework of National Urban Policies in consonance with all relevant sectors – education, health, employment – and at the **local level**, how housing is integrated into urban planning practice and coordinated with the different inputs required for its development – land, infrastructure and finance.

Ultimately, the NUA is calling for integrated policy action from national, city and local governments to bring housing to the centre of national and local urban agendas and contribute to sustainable and inclusive urbanization.

2.2 UN-Habitat’s contribution to implement the SDG and the NUA: the Housing at the Centre approach

UN-Habitat supports Habitat Agenda partners and governments at all levels in undertaking housing sector reforms and formulating housing policy, legislation and strategies that promote the realization of the right to adequate housing and contribute to inclusive, safe, resilient, and sustainable cities, as stated in SDG11 and the NUA.

The growing urgency to provide adequate housing to millions of households and the need to do so in ways to guarantee a sustainable future for cities calls for a shift in housing policy and practice. UN-Habitat adopts the ‘Housing at the Centre’³² approach with guiding principles at the national and local levels, to position housing as a priority in the public debate around urbanization. ‘Housing at the Centre’ departs from an understanding of housing as more than a roof and four walls, but the right to live somewhere in security, peace and dignity³³. It not

only takes into account the socio-developmental dimension of housing, but places people and human rights at the forefront of sustainable urban development.

Its principles at national and local level aim to guide countries and cities towards the achievement of SDG 11 and the implementation of the NUA. At the **national level**, the goal is to integrate housing into National Urban Policies strategically contributing to stimulate the economy, reduce poverty and promote inclusion. At the **local level**, the approach is to reinforce the link between housing and urban planning with special attention to the **proximity factor**, echoing the NUA. Housing must be at the centre of cities, connected to services, jobs and livelihoods and concomitantly contribute to planned and sustainable urban growth.

3 Implementing the New Urban Agenda: Housing at the centre for sustainable urbanization

A fundamental shift is needed in housing policy and practice to achieve the SDG 11 and implement the NUA.

First, policies should put people and human rights at the centre aiming to improve access to adequate and affordable housing and improve living conditions in slums to generate cities and neighbourhoods where people live a decent life in dignity and peace. Addressing the housing needs of the most poor and vulnerable, especially women and youth, and the population living in slums must be a priority as well as tackling the affordability of housing which is currently aggravating poverty in urban areas worldwide.

Second, for housing to contribute to national socioeconomic development, it has to be placed **at the centre of national urban policies** in consonance with strategies to fight poverty, improve health, education and employment. A housing sector that performs well contributes directly to the economy, job creation, income generation and poverty reduction.³⁴ But this depends on how well it is integrated to and governed by effective institutions and regulatory frameworks. Having housing placed at the centre of national urban policies will place countries and cities in better position to generate prosperity and opportunities for people.

Third, for housing to contribute to sustainable urbanization, it has to be **at the centre of urban development and planning**, orchestrated with the supply of land, infrastructure and finance. Around 70 percent of cities is made of residential areas. Regulating land markets, innovating finance and adjusting zoning and building codes as well as the design of housing to effectively use energy, land and natural resources is probably one of the greatest opportunities for cities to grow sustainable and resilient. Linking housing design to urban planning will bring cities closer to the realization of adequate and sustainable housing for all.

The following sections propose ways forward in which access to adequate and sustainable housing can contribute to implement the five action-oriented strategies of the NUA and therefore achieve the SDG 11.

3.1 Housing at the Centre of National Urban Policies

The NUA calls for national governments to assume their responsibility in the process of urbanization, through national urban policies. National urban policies provide the organizing and unifying frameworks for sectorial policies such as housing and slum upgrading to be formulated and implemented in integrated manner. It includes inter-sectorial coordination of institutions and regulations, vertical coordination between different levels of government and coordination with the private sector, civil society and academia.

The nature of the housing sector with its institutions, laws and regulations is one that touches every single aspect of the economy of a country and has interface with practically every social development sector³⁵. People living in adequate house have better health, better chances to improve their human capital and seize opportunities in cities. At the same time, a housing sector that performs well acts as development multiplier benefiting complementary industries, contributing to economic development, employment generation and poverty reduction. Broadly for every job in the house building construction sector an additional 1.5 – 2 jobs are generally

created in the construction materials - and other input industries. The contributions of housing to urban prosperity are also evident. The UN-Habitat City Prosperity Initiative in Mexico, reveals that inadequate housing have negative effects on several other dimensions of urban prosperity. Cities with housing conditions below average experience poorer equity and inclusion, reduced urban safety, and have neglected connectivity and provision of public space.

As an important element of national development, **housing policies and strategies should therefore be at the centre of national urban policies orchestrated with economic and social policies and integrated into urban development policies.** An effective and integrated housing policy framework requires:

- a. ***National and local authorities to reassume a leading role in the formulation and implementation of integrated and evidence based housing and slum upgrading policy framework.*** Systemic reforms and stronger and long-term policies are needed to enable access to adequate housing for all, improve slums and tackle affordability constraints especially of the poorest segments of the population. National, subnational and local governments should be at the helm of formulating, regulating, implementing and monitoring policy frameworks in coordination and integration with related sectors and respective institutions and regulations.
- b. ***A simultaneous twin-track approach with curative (slum upgrading) and preventive (new provision) housing policies and programmes.*** Housing and slum issues are two sides of the same coin and should be dealt concomitantly, as recognized in the SDG Target 11.1. At the same as the provision of adequate housing can contribute to prevent slums, upgrading existing slums is fundamental for delivering on NUA's commitments to promote access to adequate housing and sustainable urbanization. Ensuring better housing and living conditions for slum dwellers should be prioritized as policy goals. Policy makers and institutions should be attuned to the positive dimensions of slums and the capacity of slum dwellers to develop responses that can inform housing policies.
- c. ***An assessment of the housing sector and slum conditions to unfold the institutional framework, roles and responsibilities as a first step to design evidence-based reforms and policy.*** Policies, in order to be effective, need to be well informed. A housing sector and slum condition analysis is commonly an effective manner to unpack the opportunities, find efficiencies as well as bottlenecks, in view of improving the delivery and upgrading of housing and the link with its fundamental inputs³⁶. Mostly important, this is likely to strengthen the understanding of policy makers about the functioning of the housing sector and its contribution to implement the NUA.
- d. ***Housing and slum upgrading policies be accompanied by a clear strategy for implementation.*** Policies make sense only if they can be implemented. This requires detailed plan of action, time frame, and provisions for ensuring that resources are available to implement the actions proposed as well as indicators for monitoring and evaluating. Indeed, finance for policy implementation should be planned and established alongside the policy making process. Implementation strategies for housing and slum upgrading policies need to be guided by the human rights principles of participation, transparency and accountability and fully integrated to strategies to improve access to land, infrastructure, transport and other socioeconomic development sectors.

3.2 Rules and regulations for adequate and sustainable housing

Sustainable urbanization cannot be perceived without an appropriate regulatory framework. The same applies to housing development. The legal and regulatory framework affects the performance of the housing sector in many ways. If restrictive and over-regulated it may generate high transaction costs and induce individuals and households to resort to illicit and/or informal processes to develop or access housing. Research findings³⁷ show that rigorous legislation attached to land and housing policies often translate into inadequate, unaffordable, and often informal housing.

Regulations also influence the housing and real estate markets and consequently the size and cost of the housing stock, which impacts directly on affordability and accessibility of housing. It is for these reasons that housing provision and affordability depends largely on the rules and regulations in place. Where regulations have been relaxed to encourage residential construction, benefits have generally accrued for lower income groups. In Hanoi and Bangkok, a key factor in affordable housing construction has been the removal of the regulatory constraint on floor-area ratios, which have resulted in higher densities and increased residential supply. Additionally, some countries are having interesting breakthrough following the subsidiarity principle – the devolution of power and responsibility to the local level. In Latin America, there is a new generation of municipal housing policies brought to the centre of urban management and development.

Amongst the critical elements to ensure housing development, the availability of land and the provision of infrastructure are probably the most important. The many interfaces of housing with land and infrastructure makes it necessary to have effective governance systems with the regulatory and institutional frameworks of these sectors working integrated.

The establishment of an **effective governance system for the housing sector with enabling legislation for policy and institutional cohesion** is critical for implementing the NUA. Recommendations to achieve this include:

- a. ***Review of building and planning regulations as well as norms and standards for the use of land, building materials and infrastructure in view of lowering housing costs and enabling delivery at scale.*** Revisiting housing regulations, building norms and codes and planning standards to be is likely to facilitate and speed up housing provision. Governments must adopt measures to improve the efficiency of the regulatory environment and decrease where possible the transaction costs, and intervene on the supply of land, infrastructure and building materials in view of decreasing housing costs.
- b. ***Adopt a regulatory framework for housing provision and slum upgrading that is sufficiently flexible, appropriate to local conditions and performance-based.*** Legislation and regulations, and the procedure for their implementation and enforcement at the local level, need to respect cultural values and encourage the efficient use of materials and knowledge. Building codes need to allow for incremental improvement, expansion and densification. They should also encourage the use of local construction materials and building technologies.
- c. ***Adopt rules and regulations to simulate housing delivery in central urban areas and create disincentives to urban sprawl.*** Rules and regulations should prevent housing to be built on areas that will hinder access to jobs, education, health and recreation facilities, reproducing an unsustainable use of land and infrastructure. Instead, rules and regulations should contribute to compact and inclusive city growth, encouraging inclusionary affordable housing, mixed land uses, social and income-level population mix. Slums located in central urban areas should be gradually improved and integrated into the city itself. Regulatory restrictions for housing development can transform into constraints in land supply, if not accompanied with compensatory measures and incentives for developers and land owners.
- d. ***Adopting policies of incentives supported by enabling legislation that increases the supply of land for affordable housing provision.*** For cities to expand and accommodate their growing populations or the increased demand for space resulting from higher incomes rules and regulations should not restrict the supply of land. The more stringent the restrictions in the form of regulations and draconian laws that results in land supply bottlenecks, the less is the housing market able to respond to increased demand, and the more likely house prices are to increase. And when residential land is very difficult to come by, housing becomes unaffordable.
- e. ***Promote land management and administration system to ensure security of tenure for all and create a basis for investment in land development and housing.*** Secure land tenure and property rights lay the foundation for investments in housing and propel housing and real estate markets and residential mobility which is essential for a dynamic labour market. When people have documented and registered

security of tenure and property rights they do invest their savings on housing improvement and engage in transactions and exchange of housing without the fear of evictions.

3.3 Urban planning and design for adequate and sustainable housing

Around 70 percent of a city territory is composed of residential areas. Housing development decisions therefore shape urban form and are a key function of sustainable urban development.

Urban planning and design provide the spatial framework for cities to develop and grow, defining land-use, residential areas, public spaces and their relation with each other. Urban planning and design can enable the provision of housing and the upgrading of slums that are connected to livelihood opportunities, with access to infrastructure, transportation and other services contributing to reduce spatial inequalities, fragmentation and urban sprawl³⁸. This is a central principle of the NUA: to produce housing that is affordable and easily accessible, reversing the predatory models of mass housing that are commonly developed on cheap land located in the peripheries of cities.

The effective integration of housing into urban planning is critical to help cities to embark onto a path of sustainable urbanization. There is increasing concern for the environmental impact of non-renewable energy linked to housing development and maintenance in urban areas and their association to congestion, air quality and pollution. There are also concerns related to how housing is exposed to climate change and environmental hazards. This has encouraged planners and designers to consider long term impacts of housing typologies, urban density, mobility patterns, as well as design attributes that can improve resilience and safety housing. Location of housing and accessibility also become paramount in order to prevent the encroachment of environmental sensitive areas or peripheral growth patterns that produce more traffic and greenhouse gas emissions.

This leaves no doubt that **greater consideration of housing in urban planning to the extent that it results in more inclusion and sustainability in cities will be fundamental to implement the NUA**. Some recommendations include:

- a. ***Urban Planning and design should promote accessible, connected and inclusive housing areas.*** The planning and design at the city level must strengthen the physical, social and economic relationship between people, places and goods by promoting street connectivity, higher population density and spatial compactness and facilitate urban mobility that ultimately generate sustainable urban patterns and efficient urban form.
- b. ***Urban planning and design should adopt a people centred approach to housing development and slum upgrading.*** Strategies to bring housing at the centre of urban planning and design must be inclusive and people centred, recognizing that every person has the right to participate in shaping the built environment and to benefit from housing and sustainable urban development. The participation of multiple stakeholders in planning decisions ensures that ultimately the resulted plan is not a government but a society plan to guide urban development and offer better living conditions for future generations.
- c. ***Urban planning and design should stimulate social mix, mixed land-use and diversity of housing in terms of typology, size, standard and location in cities and neighbourhoods.*** Urban planning decisions that connect with housing development are likely to produce vibrant neighborhoods comprised of different housing options that mix residents from different social backgrounds and income levels. This mix stimulates affordable housing solutions and possible cross-subsidies solutions. Such approach will promote reliable and affordable transport oriented development, mixed uses, limited land-use specialization, adequate space for streets, high density and social diversity³⁹.
- d. ***Thorough integration of land use and infrastructure planning to create highly efficient housing patterns and facilitate better mobility***⁴⁰. The optimal use of land, incrementing higher floor area ratio, better use of infrastructure can lead to more optimal urban densities, compactness in residential development. This should also be linked to urban transport systems to promote accessible and inclusive housing.

Appropriate urban densities will improve urban efficiency, reduce the cost of network services and safeguard the environment by limiting the urban footprint through planning.

- e. ***Sustainable housing design and cultural adequacy will contribute to climate change responsiveness and preparedness and resilience in cities.*** Making use of energy efficiency solutions in housing and urban forms are likely to produce outcomes that are environmentally sustainable and climate proof. Climate appropriateness of building codes and energy efficiency standards should be locally adapted and housing design culturally adapted to improve resilience of cities.

3.4 Finance for adequate and sustainable housing

The NUA proposes that urbanization be financed by the urban value generated by planned growth. Finance is a key element to increase the provision of adequate and sustainable housing. The availability of housing finance is also crucial for making housing affordable, providing loans, credits, subsidies and financial support that will pay for housing construction and improve people's ability to save and pay for housing, thus leaving no one behind, which is one of the imperatives of the NUA.

Innovations in finance are needed in order to make housing markets more inclusive and affordable housing accessible at scale and in well located urban areas. Enabling housing finance through mortgages has been developed by governments across the globe but still exclude the neediest 60 to 80percent of the population. An array of options from public guarantees, to cross subsidization and microfinance are to be promoted and scaled up.

Government at national and local levels must be involved as public financing is a critical component to finance housing. The strengths and weaknesses of existing tax regimes must be assessed as well as the potential for new and improved tax mechanisms to broaden and diversify finance for housing. The fundamental question is how to channel housing finance to make affordable housing accessible at scale and contribute to social inclusion? Some propositions:

- a. ***Increase fiscal effort and revenue collection of cities to create opportunities for housing development and slum upgrading within the urban core or at the urban extension projects.*** The financial capacity of cities and local governments must be strengthened through betterment levies, property taxes, land value capture instruments, to match funding of private institutions for the provision of affordable housing in serviced and well located urban areas and upgrading of slums. Cross-subsidization can be used to place market rate units at a premium to compensate for the provision of more accessible lower-income housing. Slum dwellers and informal settlers must be part of funding allocations.
- a. ***Attract private sector finance to facilitate the participation of private sector companies in mixed-use affordable housing developments in central urban areas.*** The provision of affordable housing at scale must be well connected with the housing market dynamics, taking advantage of both government and private parties' financial capacity to acquire well-located land and develop more inclusive housing projects. Public-private partnerships, municipal bonds, and other fiscal tools can contribute to spatial inclusion producing housing that is affordable to low income population in central urban areas.
- b. ***Strategically collaborate with non-governmental organizations and civil society to deliver diversified pro-poor affordable housing solutions and upgrade slums.*** Governments must establish strategic partnerships with non-state actors in order to design and implement housing policies that are demand-driven and affordable to poor households. Housing programs that incorporate the participation of community groups, civil society organizations, NGO's and private sector companies will trigger a variety of solutions that can bring housing to affordable levels. Such partnerships may use self-help and mutual-aid self-management housing building approaches, cost-sharing solutions, incrementally built housing, all aiming at decreasing housing costs.

- c. **Develop innovative and inclusive housing finance mechanisms to promote affordable housing and upgrade slums.** Housing affordability⁴¹ is a fundamental requirement to the implementation of the NUA. Apart from mortgages products, there is ample room for innovation in finance that will improve affordability of housing and therefore should be promoted. Examples include central housing funds, housing cooperative funds, community mortgage finance and community savings. The sales of development rights can also finance housing development and establishing quotas for inclusionary housing can be a way to count on private sector finance. Financial mechanisms to help the most poor gain access to incremental financing and achieve security of tenure are necessary. Micro-financing, guarantee funds and special purpose entities can supplement the access to housing finance to many who have been traditionally excluded. Low income financial institutions should play an important role in offering tailored products and new credit instruments that can facilitate access to adequate housing⁴².

4 Housing at the centre: Local implementation and examples from practice

This chapter will include case studies and illustrate the implementation of the New Urban Agenda.

- Morocco, Ethiopia, Kenya
- France, Germany
- Singapore, South Korea
- Brazil, Colombia, Mexico

5 Dialogue Sessions

Suggest that the dialogue sessions follow the NUA action oriented strategies:

- **Session I** - Housing at the Centre of National Urban Policies – to discuss the scope and importance of sectorial policies and the need for integrated policy frameworks
 - **Session II – Integrated Rules and Regulations for adequate and sustainable housing and upgrade slums**
 - **Session III – Inclusive and Sustainable Urban Planning and Design for adequate and sustainable housing and upgrade slums**
 - **Session IV – Innovative finance for adequate and sustainable housing and upgrade slums**
- All sessions will be populated with examples to illustrate local implementation

¹ Draft paper prepared by Claudio Acioly, Fernanda Lonardoni, Christophe Lalande in cooperation with Kerstin Sommer and Raf Tuts.

² UNCHS (1991). Global Strategy for Shelter to the Year 2000. Nairobi: UNCHS; World Bank (1993). “Housing: Enabling Markets to Work”, Washington: World Bank; Angel, Shlomo (2000). “Housing Policy Matters. A Global Analysis”, Oxford University Press. UN-Habitat (2001). The Istanbul Declaration and the Habitat Agenda. Nairobi: UNCHS.

³ One of the first references to the right to adequate housing is in article 25 (1) of the Universal Declaration of Human Rights. The International Covenant on Economic, Social and Cultural Rights, widely considered as the central instrument for the protection of the right to adequate housing, refers to *the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions* (art. 11).

⁴ UN-Habitat (2001). The Istanbul Declaration and the Habitat Agenda. Nairobi: UNCHS

⁵ UN DESA – United Nations Department of Economic and Social Affairs (2015). World Urbanization Prospects. The 2014 Revision. Final Report. New York: UN-DESA.

⁶ Mckinsey (2011). Urban World: mapping the economic power of cities. London, New York: Mckinsey Global Institute

⁷ This is a research carried out by the University of New York, in cooperation with UN-Habitat and the Lincoln Institute of Land Policies. The UN Sample of Cities includes 200 cities selected from a universe of 4,231 cities that had more than 100,000

inhabitants in 2010. It resulted into the publication 'The Fundamentals of Urbanization', launched during the Habitat III Conference, Quito, October 2016.

⁸ McKinsey Global Institute (2014). A blueprint for addressing the global affordable housing challenge. MGI.

⁹ CAHF-Centre for Affordable Housing Finance in Africa (2016). Housing Finance in Africa. A review of some of Africa's housing finance markets. The 2016 Yearbook. Johannesburg: CAHF.

¹⁰ World Bank, 2017. Africa's Cities: Opening Doors to the World.

¹¹ Social Housing in the UNECE Region: Models, Trends and Challenges.

http://www.unece.org/fileadmin/DAM/hlm/documents/Publications/Social_Housing_in_UNECE_region.pdf "100 million people in the UNECE region spend more than 40 percent of their disposable income on housing – this is a conservative estimate".

¹² Slums are residential areas where 1) inhabitants have no security of tenure vis-à-vis the land or dwellings they inhabit, with modalities ranging from squatting to informal rental housing, 2) the neighbourhoods usually lack, or are cut off from, basic services and city infrastructure and 3) the housing may not comply with current planning and building regulations, and is often situated in geographically and environmentally hazardous areas. Informal settlements and slums, as the most deprived areas within are constantly exposed to eviction, disease and violence. Habitat for Humanity (2014). Shelter Report

¹³ Habitat for Humanity (2014). Shelter Report

¹⁴ "A slum household is a group of individuals living under the same roof in an urban area who lacks one or more of the following five conditions: Access to water; access to sanitation; secure tenure; durability of housing; sufficient living area".

¹⁵ United Nations (2015). The Millennium Development Goals Report 2015. New York: United Nations.

¹⁶ United Nations (2015). The Millennium Development Goals Report 2015. New York: United Nations.

¹⁷ UNECE (2009). SELF-MADE CITIES: In search of sustainable solutions for informal settlements in the United Nations Economic Commission for Europe region.

¹⁸ Social Housing in the UNECE Region: Models, Trends and Challenges.

http://www.unece.org/fileadmin/DAM/hlm/documents/Publications/Social_Housing_in_UNECE_region.pdf

¹⁹ UN-Habitat (2015). Land Tenure Security in Selected Countries. Global Report. Nairobi: UN-Habitat.

²⁰ Ibid UN-Habitat (2015). Land Tenure Security in Selected Countries. Global Report. Nairobi: UN-Habitat

²¹ Angel et al, 2016, The NYU Urban Expansion Program, The NYU Stern Urbanization Project and the NYU Marron Institute of Urban Development, New York University. Several phases of the monitoring program are undertaken in partnership with the United Nations Human Settlements Programme (UN Habitat) and the Lincoln Institute of Land Policy.

²² Demographia (2016). 13th Annual Demographia International Housing Affordability Survey. <http://demographia.com/>

²³ IEA (2014) Energy Balances of Non-OECD Countries. Available online at: "http://www.oecd-ilibrary.org/energy/energybalances-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

²⁴ 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

²⁵ 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>

²⁶ Murray, Monica Wolfe (2015). Shelter after disaster: Facts and figures. Sci Dev Net. Available at:

<http://www.scidev.net/global/design/feature/shelter-after-disaster-facts-figures-spotlight.html>

²⁷ UNCHS (1991). Global Strategy for Shelter to the Year 2000. Nairobi: UNCHS

²⁸ UN-Habitat (2001). The Istanbul Declaration and the Habitat Agenda. Nairobi: UNCHS

²⁹ UN-Habitat and OHCHR (2010). The Right to Adequate Housing. Fact Sheet 21 rev. Geneva: OHCHR.

³⁰ UN-Habitat (2016). Fundamentals of Urbanization. Evidence Base for Policy Making. Nairobi: UN-Habitat

³¹ Transformative commitments for sustainable urban development paragraphs 23-80.

³² 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."

³³ At the programmatic level, the 'Housing at the Centre' approach builds on previous work UN-Habitat has been doing through Global Housing Strategy, the Right to Adequate Housing Programme and the Participatory Slum Upgrading Programme.

³⁴ World Bank (1993). "Housing: Enabling Markets to Work", Washington: World Bank.

³⁵ UNCHS (1991). Global Strategy for Shelter to the Year 2000. Nairobi: UNCHS; World Bank (1993). "Housing: Enabling Markets to Work", Washington: World Bank; Angel, Shlomo (2000). "Housing Policy Matters. A Global Analysis", Oxford University Press. UN-Habitat (2001). The Istanbul Declaration and the Habitat Agenda. Nairobi: UNCHS.

³⁶ UN-Habitat. A Practical Guide for Conducting Housing Profiles. Supporting evidence-based housing policy and reform. Nairobi: UNCHS. This is a methodology adopted by UN-Habitat in helping countries to undertake housing sector analysis to support housing reforms and policy making and implementation.

³⁷ Angel et al. ,2012, "Atlas of Urban Expansion."

³⁸ Sprawl can be mainly caused by urban design that favours the use of private vehicle and by housing markets that favour the supply of single housing units. Robert Bruegemann, 2010, *The Causes of Sprawl*, The City Reader, Routledge, London

³⁹ UN-Habitat, *Sustainable Housing for Sustainable Cities. A Policy Framework for Developing Countries*, 2012.

⁴⁰ UN-Habitat, *City-wide Strategic Planning: a step-by-step guide*, Global Land Tool Network, 2010.

⁴¹ The Median Multiple is widely used for evaluating urban markets, and has been recommended by the World Bank and the United Nations and is used by the Joint Center for Housing Studies, Harvard University. The Median Multiple and other price-to-income multiples (housing affordability multiples) are used to compare housing affordability between markets by the Organization for Economic Cooperation and Development, the International Monetary Fund, *The Economist*, and other organizations.

⁴² Habitat III Policy Unit Paper on Housing.