

Practical Approaches to Settlement Upgrading and Regularisation

Review of Policies

Claudio Acioly



1.

**Building a common
understanding**

Informal Urbanisation is a world wide phenomenon.

WHY?

- **Housing Policy Shortcomings?**
- **Access to land and housing is over-regulated?**
- **Income is low related to land and housing prices?**
- **No financial services ?**
- **Demand exceeds supply?**
- **Combination of variety of causes... including conflicts and wars!**

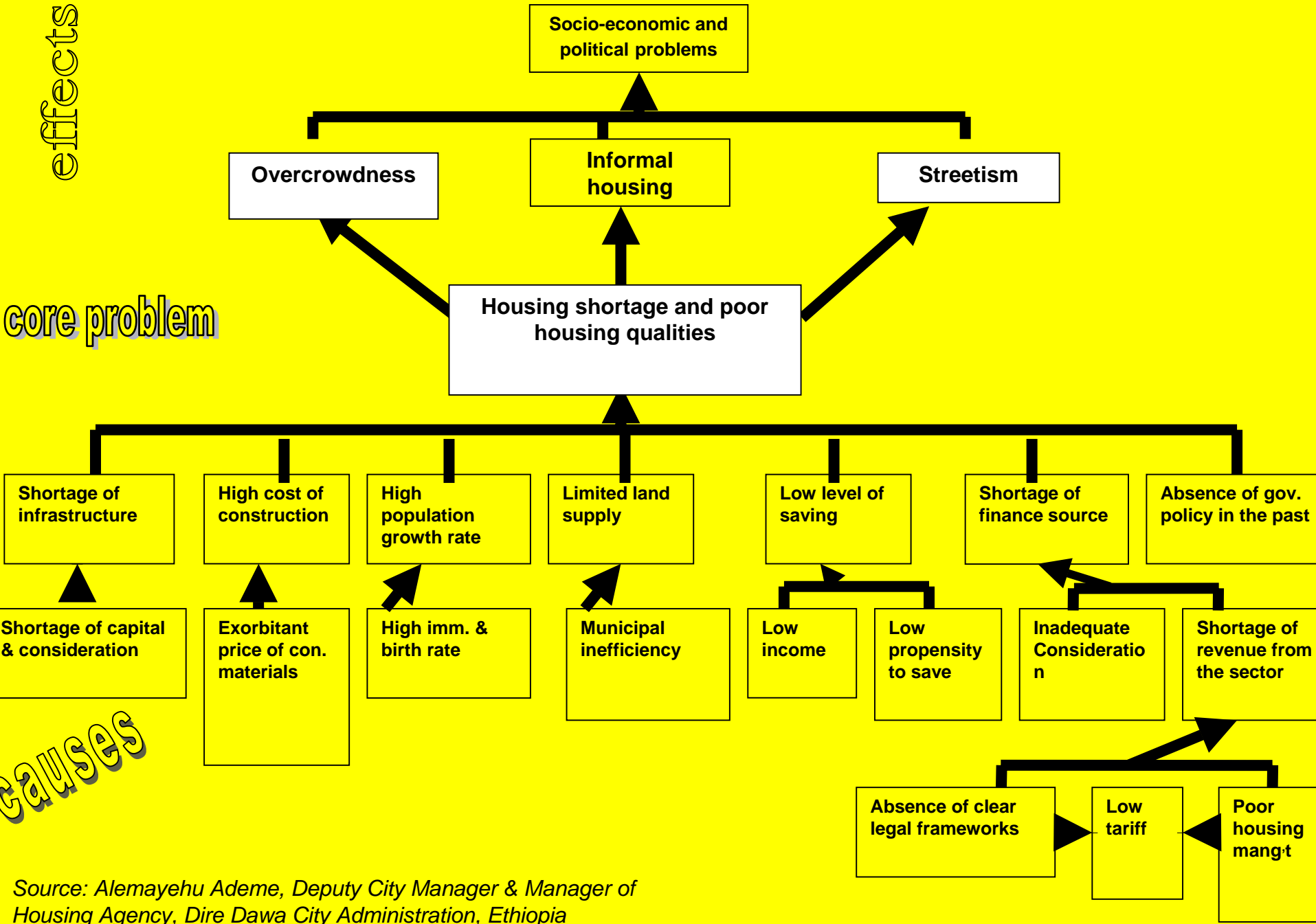
CAUSES

Insufficient housing supply
Scarcity of land
Scarcity of Building Materials
People do not have financial resources
Rate new household formation is high

Housing Shortage

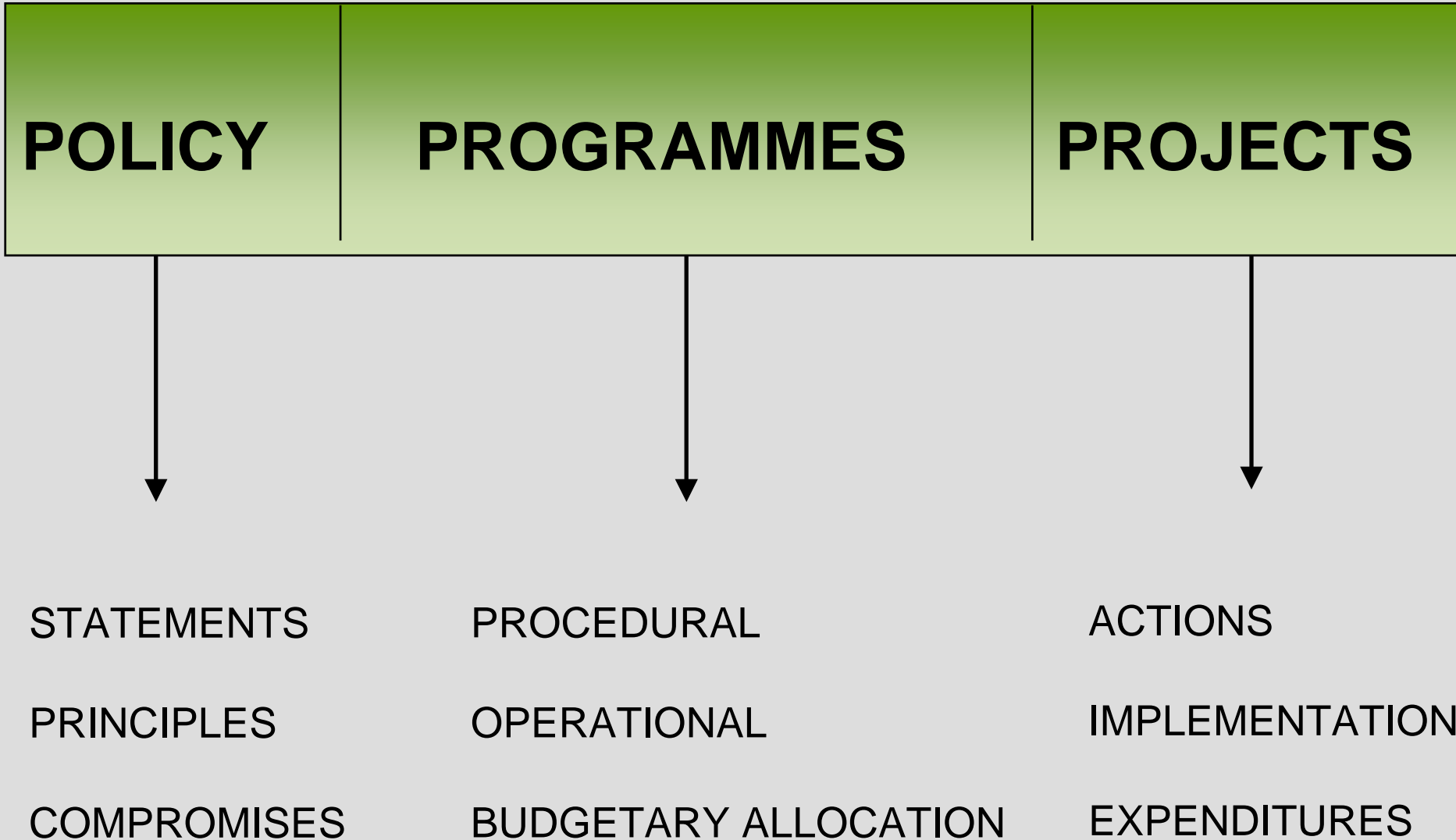
Overcrowding
Increase of Renting & sub-renting
Housing & Land speculation
Poor living conditions
Informal housing processes
Unproductive labour

CONSEQUENCES



Source: Alemayehu Ademe, Deputy City Manager & Manager of Housing Agency, Dire Dawa City Administration, Ethiopia

Understanding Peculiar Differences



POLICY

PROGRAMMES

PROJECTS

**STATEMENTS
PRINCIPLES
COMPROMISES**

**PROCEDURAL
OPERATIONAL**

**ACTIONS
IMPLEMENTATION
FEEDBACK**

Reflects Government Intentions

Defines political commitments

Establishes institutional structure

Reflects Government views of the problems

Sets broad objectives of Government action

Makes explicit resource allocation

Define target areas & beneficiaries

Links various sectors of Gov

Sets priorities

Defines procedural steps

Makes explicit policy strategies

Operationalise policy goals

Establishes institutional mechanisms

Guides policy implementation

Sets qualitative targets

Defines time schedule

Specify sources of funds, direct beneficiaries and disbursement plan

Provides guidelines for projects

Defines responsibilities

Converts policy into concrete action

Policy implementation tools

Materialises facets of programmes

Reach programmes' targets

Achieve final policy goals

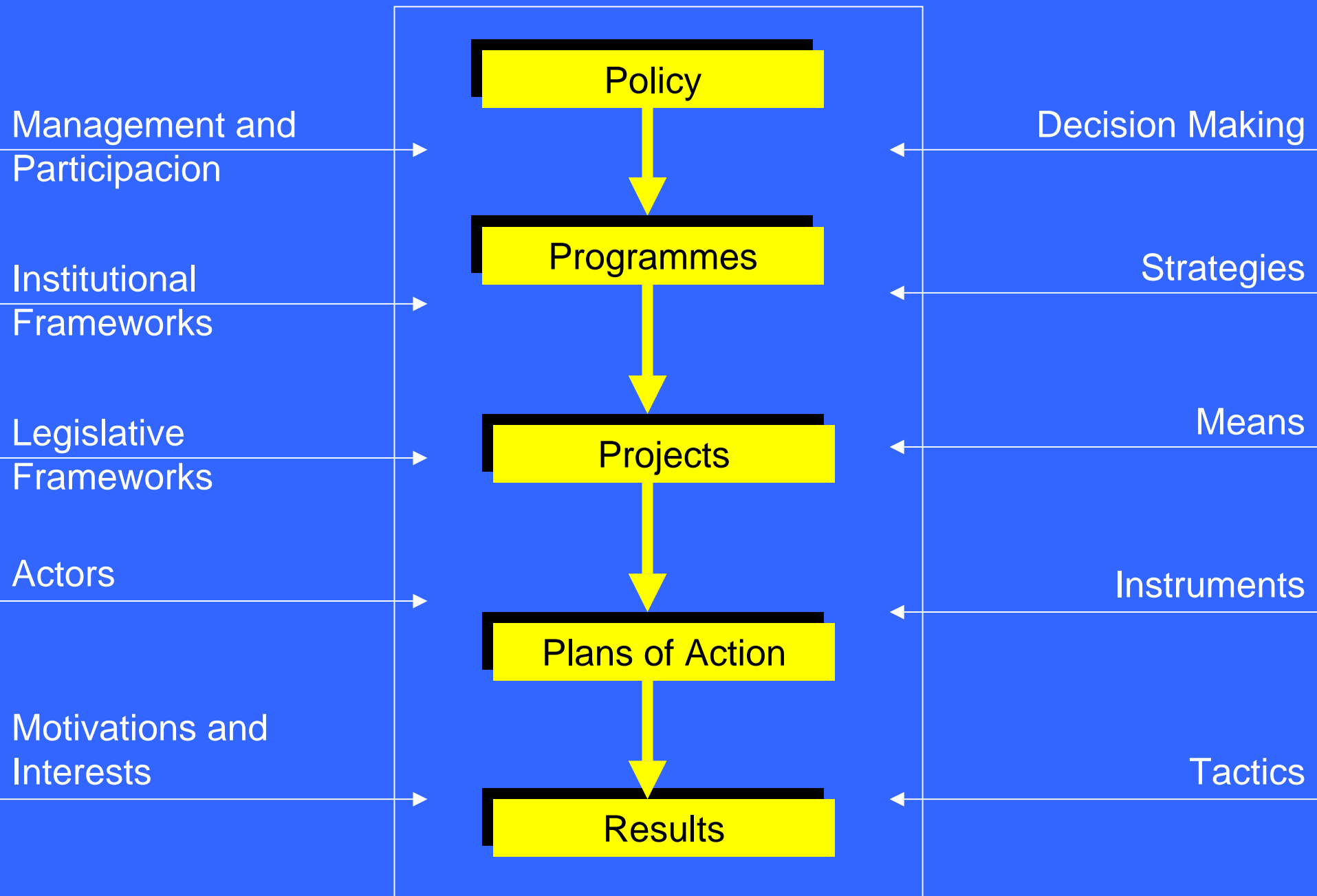
Delivers policy and programme outputs

Turns government commitments tangible

Materialises resource allocation

Success criteria for policy evaluation

POLICY	PROGRAMMES	PROJECTS
Higher political decisions	Legislative, political & technical decisions	Technical & professional decisions
Macro level	Intermediary and macro level of concern	Micro and very local level
Multi-period	Continuous & multi-period	Precise period of time
General problem definition	Problem solving strategies	Solution / alleviation oriented
General sources of finance	Explicit budget allocation	Strict budgetary restrictions
Entire Government responsibility	Sector-based responsibilities	Field & specific responsibility Co-ordination
Government / State	Institutions	Local units and organisations
General aims and goals	Priorities Defined	Action oriented
Programme guidelines	Project guidelines	Action * operational guidelines



Management and Participacion

Institutional Frameworks

Legislative Frameworks

Actors

Motivations and Interests

Policy

Programmes

Projects

Plans of Action

Results

Decision Making

Strategies

Means

Instruments

Tactics

Problem Definition
Priority Setting
Needs Assessment

\$ \$ **Policy Document** **\$ \$**
Goals and Targets

\$ \$ **Programmes** **\$ \$**

Progrm1

Progrm2

Progrm3

Progrm4

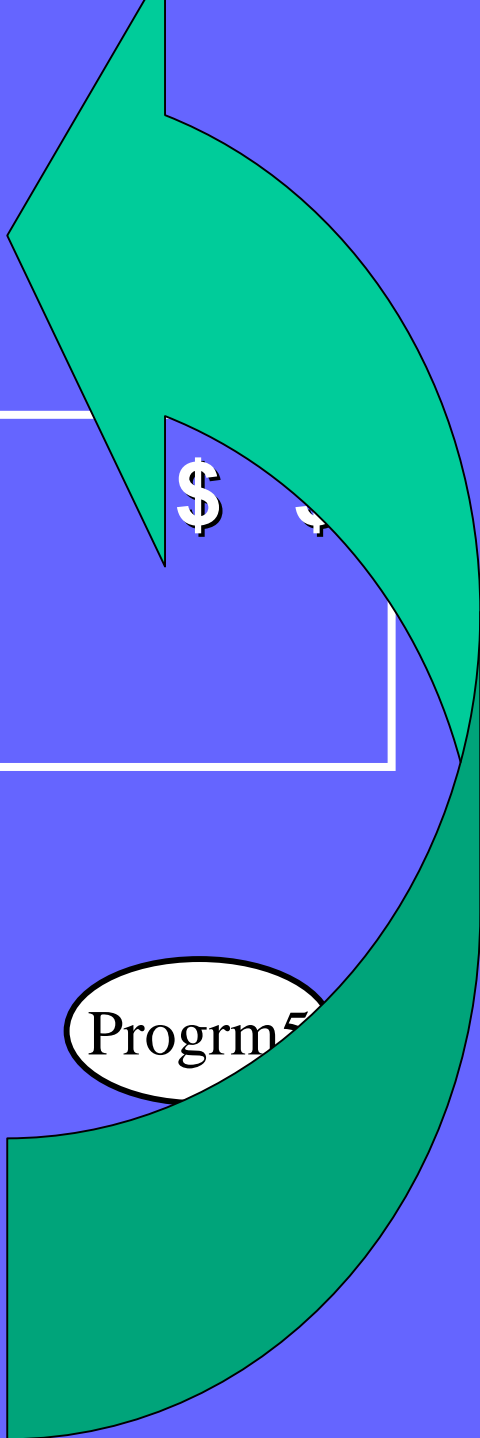
Progrm5

Projects

Projects

Projects

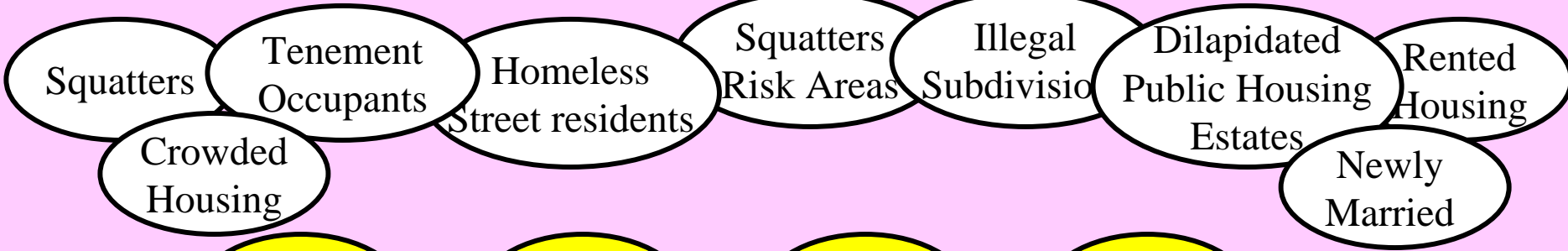
Projects



**Problem Definition
Priority Setting
Needs Assessment**

Different Problems

Different Solutions



**Low
Income**

**Very
Poor**

**Middle
Income**

**High
Income**

Different Demands

Different Needs

Programmes

2.

Understanding how the Housing Sector works?

The experience of Developing Countries gives evidences that shifts in housing policies are associated to paradigm shifts!

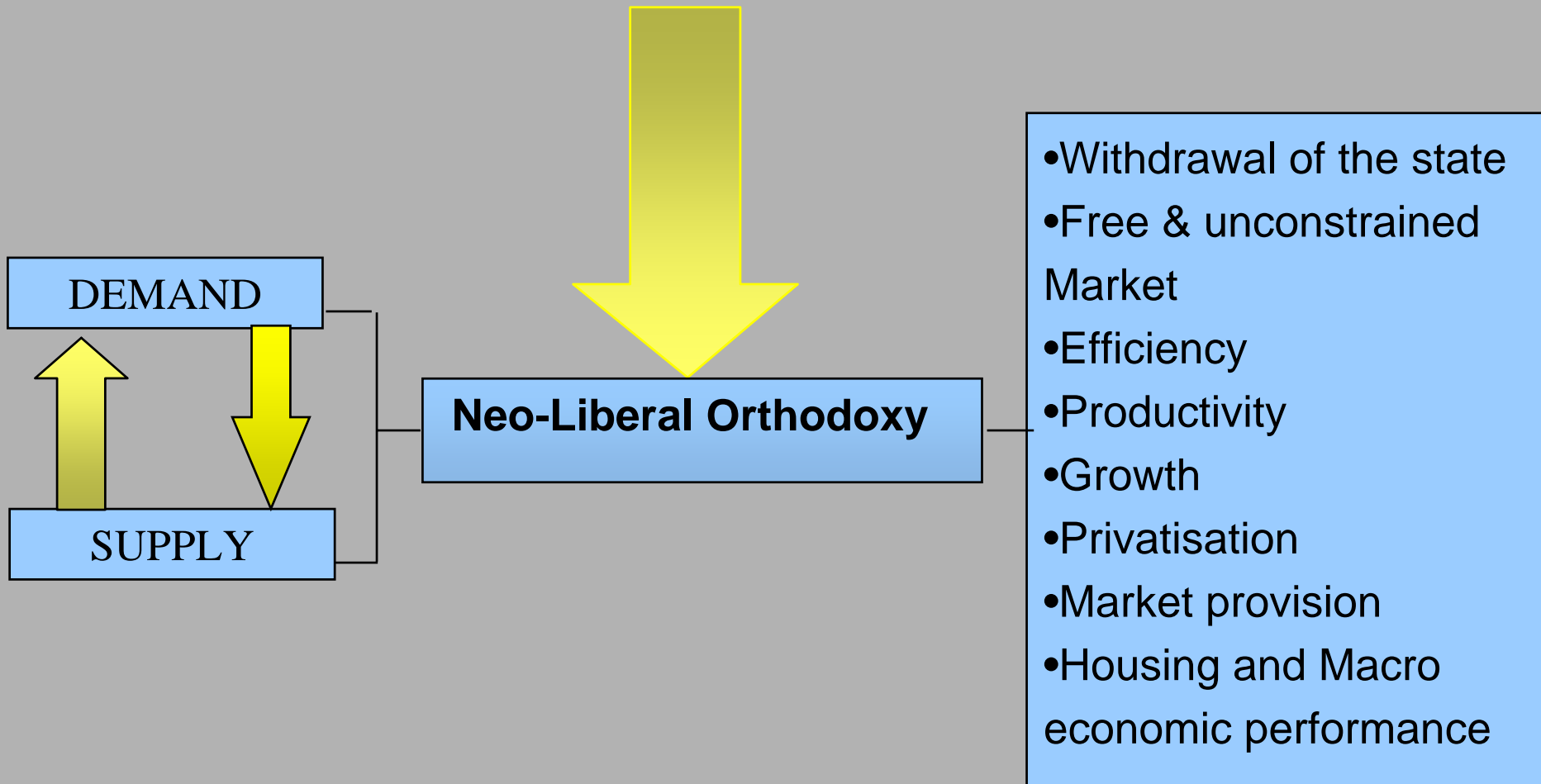
3.

**Neo-classic economic thinking
produces other paradigm
shift:**

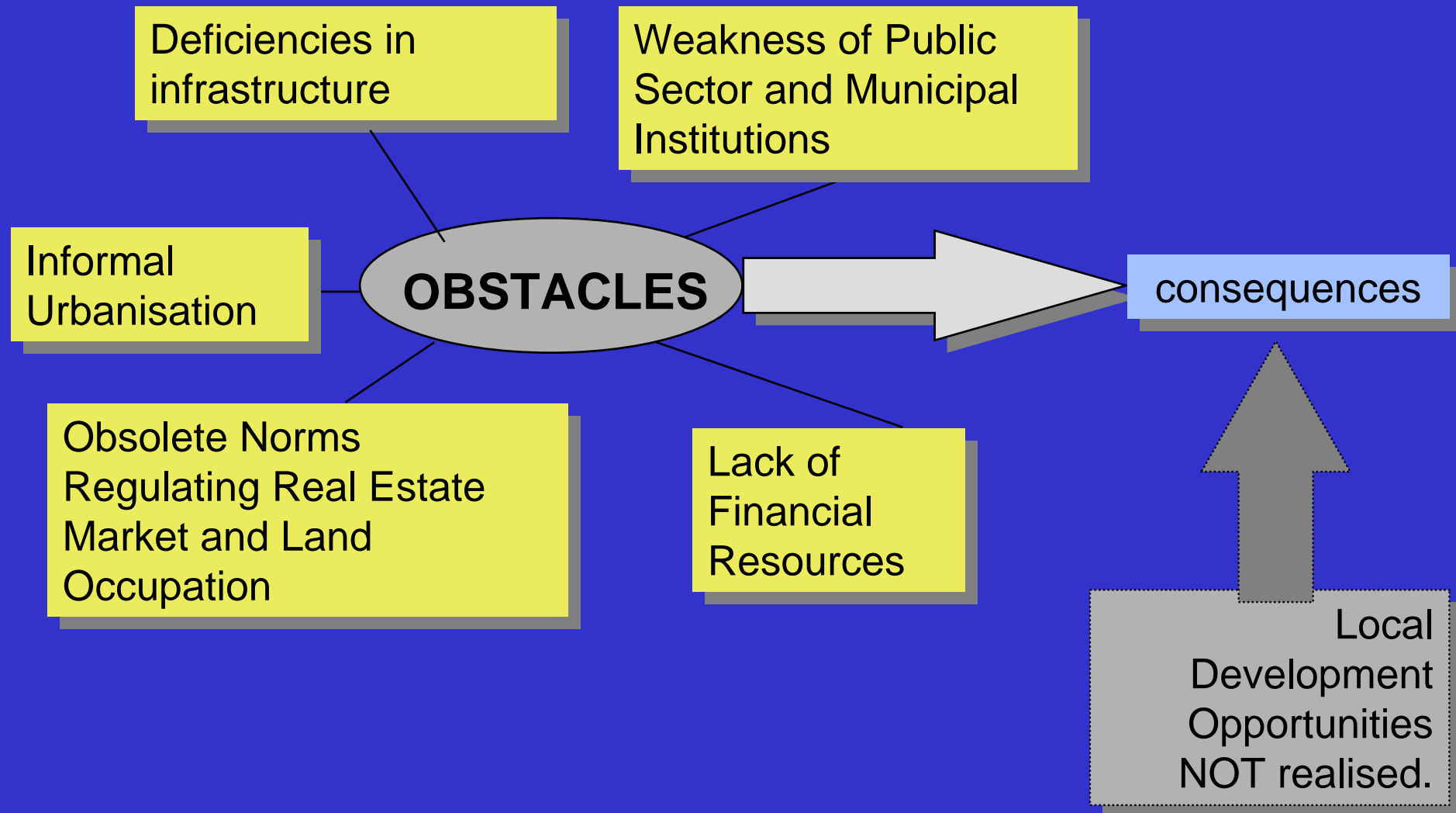
**or new motives to old
policies?**

PARADIGM SHIFT IN THE 1990'S

based on neo-classical economics



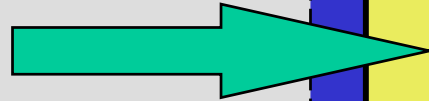
Bottlenecks impeding well-functioning of the city



Effects on Policies and City Development Strategies

OBSTACLES

+



Uncertainties in Context

Globalisation

Concentration of Population

Social-spatial Stratification

“Informalisation”

Urban Poverty

Environmental Deterioration

Change in Paradigms



Policies of Public Sector Intervention

Urban Revitalisation and Renewal of Urban Structures

Improvement of Urban Services and Infrastructure

Projects of Physical, Social and Economic Integration

City Envisioning

City Development Strategies

Policies of Public Sector Intervention

Urban Revitalisation and Renewal of Urban Structures

Improvement of Urban Services and Infrastructure

Projects of Physical, Social and Economic Integration

City Envisioning

Strategic Plans

Package of Projects and Strategic Interventions

Economic
Development
Dimension

Territorial
Development
Dimension

Environmental
Development
Dimension

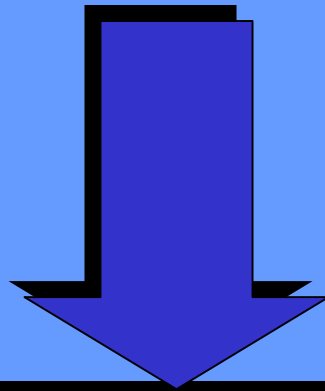
Social
Development
Dimension

Institutional
Development
Dimension

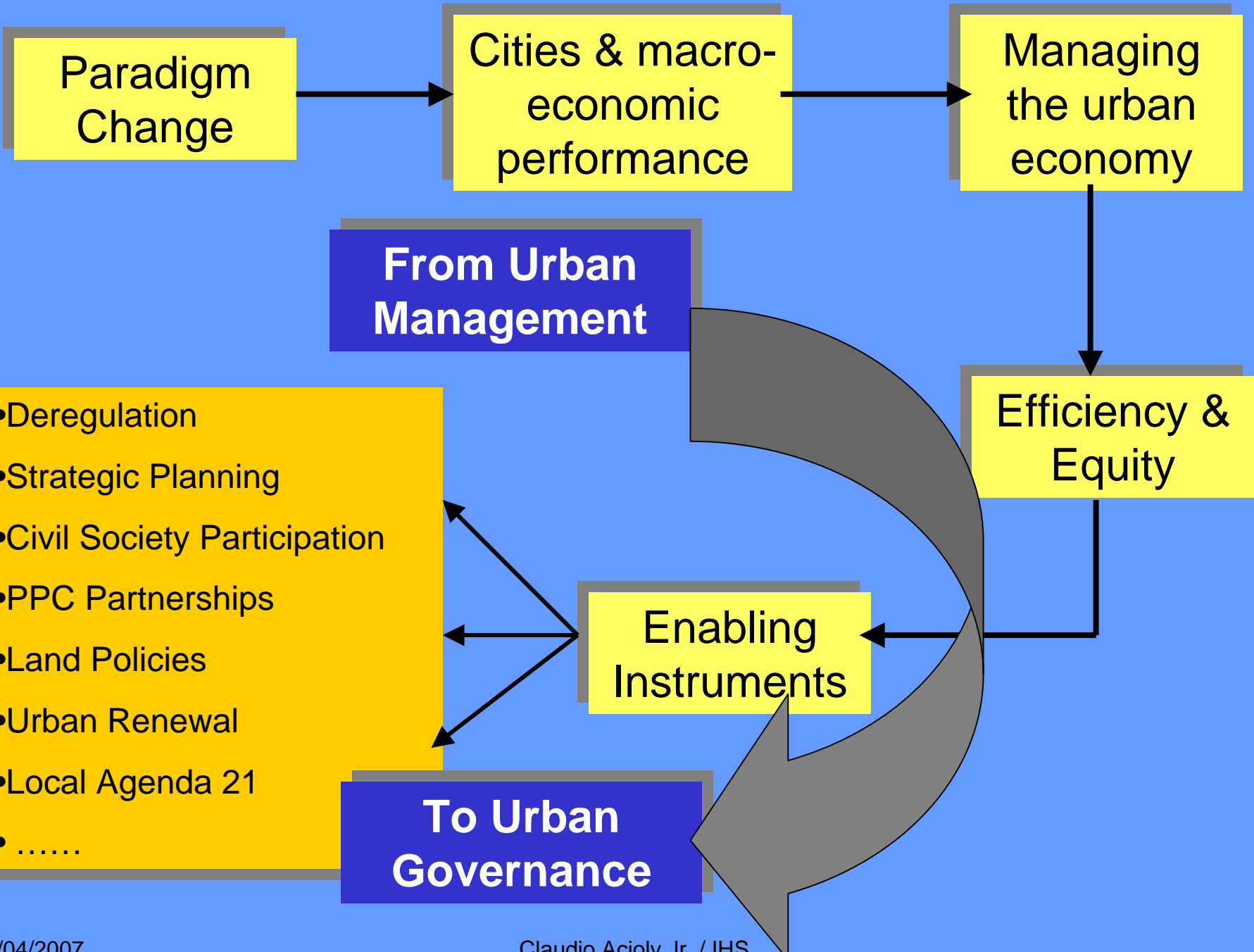
City Development Strategy

THERE ARE OTHER IMPORTANT SHIFTS...

- Enabling Policies: retreat of the State
- 1987 Year of Homeless: the Housing Strategies for the Year 2000
- Agenda 21: “think globally act locally”
- 1996 Habitat II: the Global Habitat Agenda
- Urban Governance: empowering local governments & civil society
- “Cities without Slums” – Cities Alliance (21st Century Millenium Targets)
- Global Campaigns for “security of tenure” and “good governance



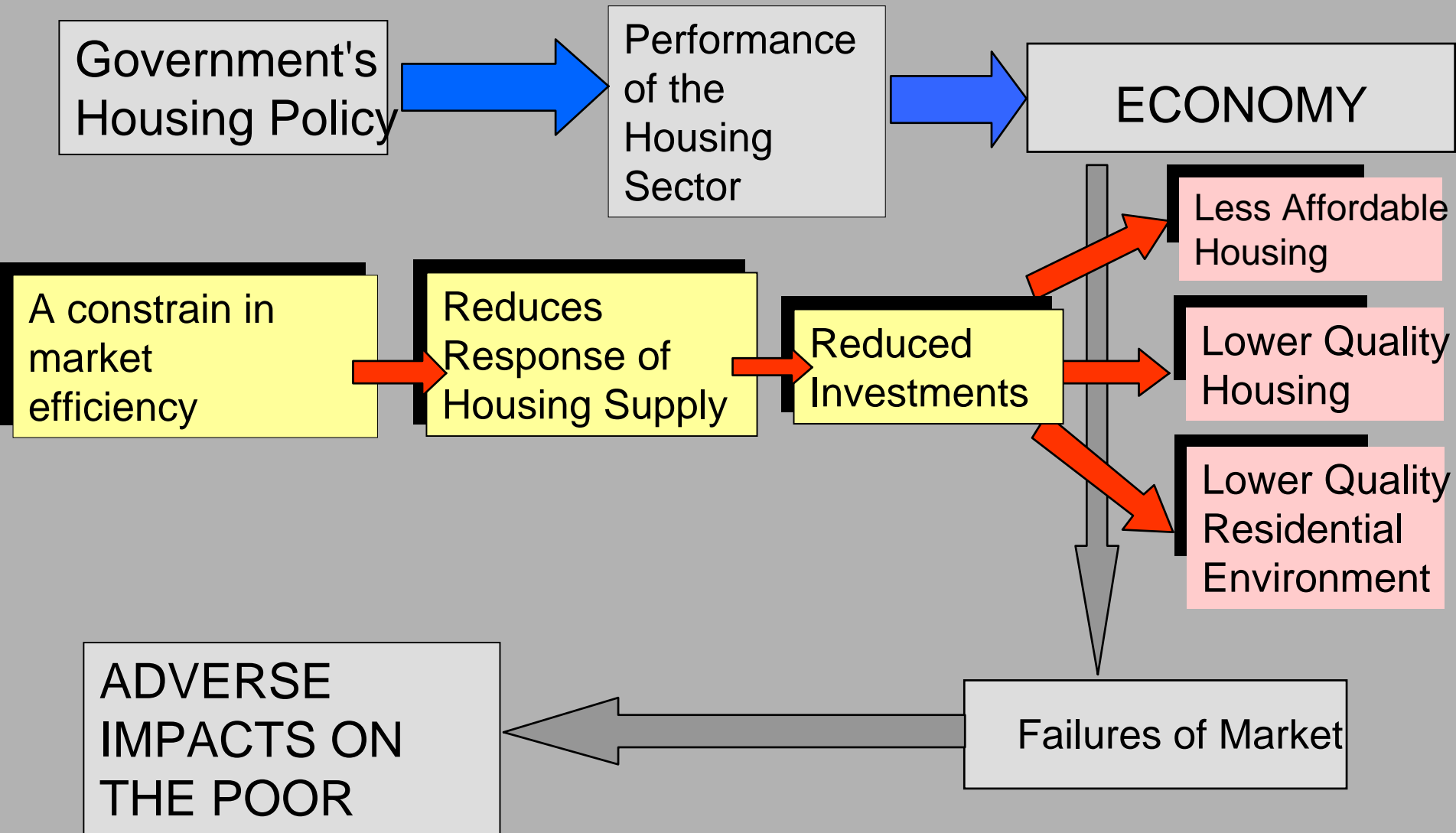
**Fundamental changes in public policies
towards the City**



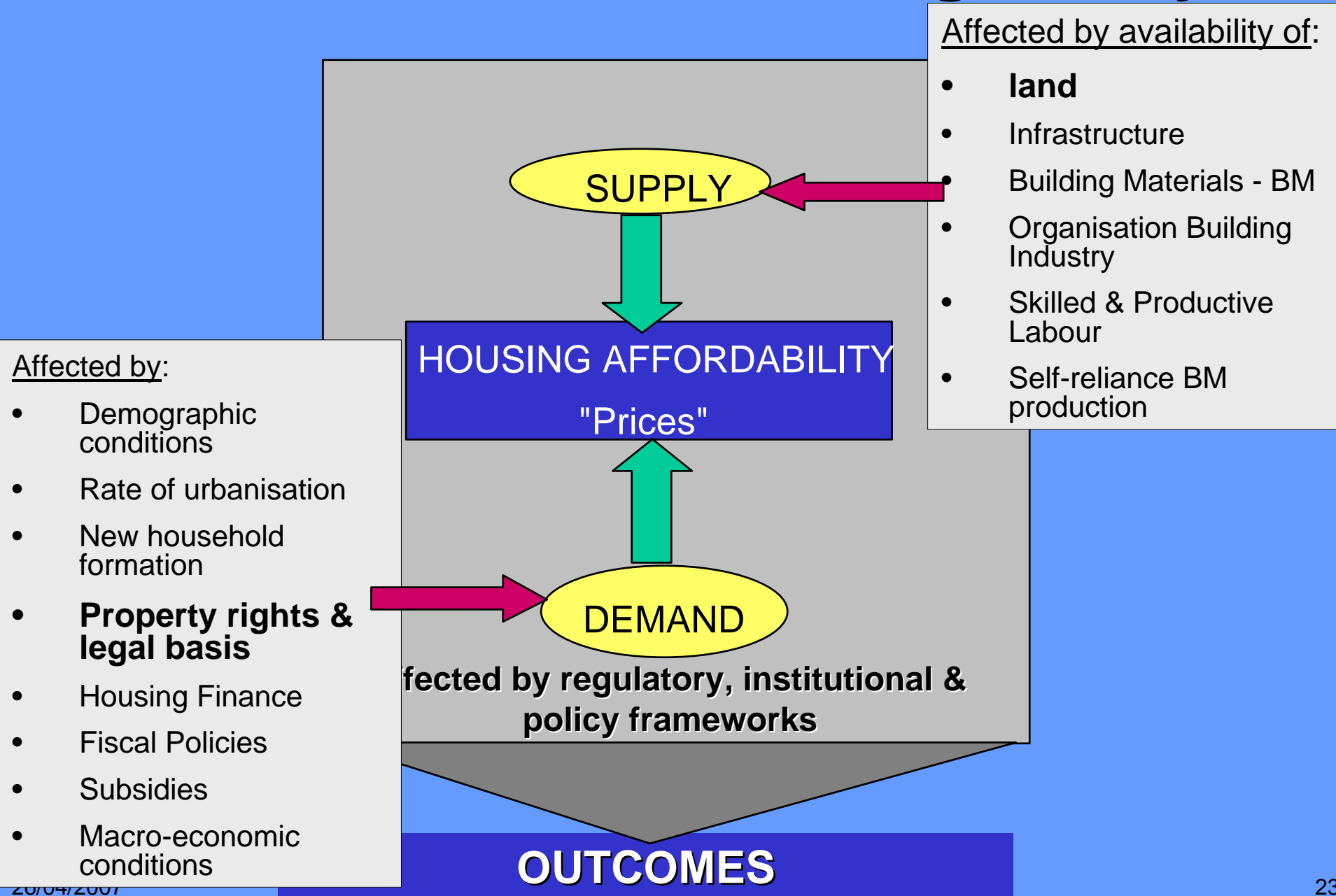
4.

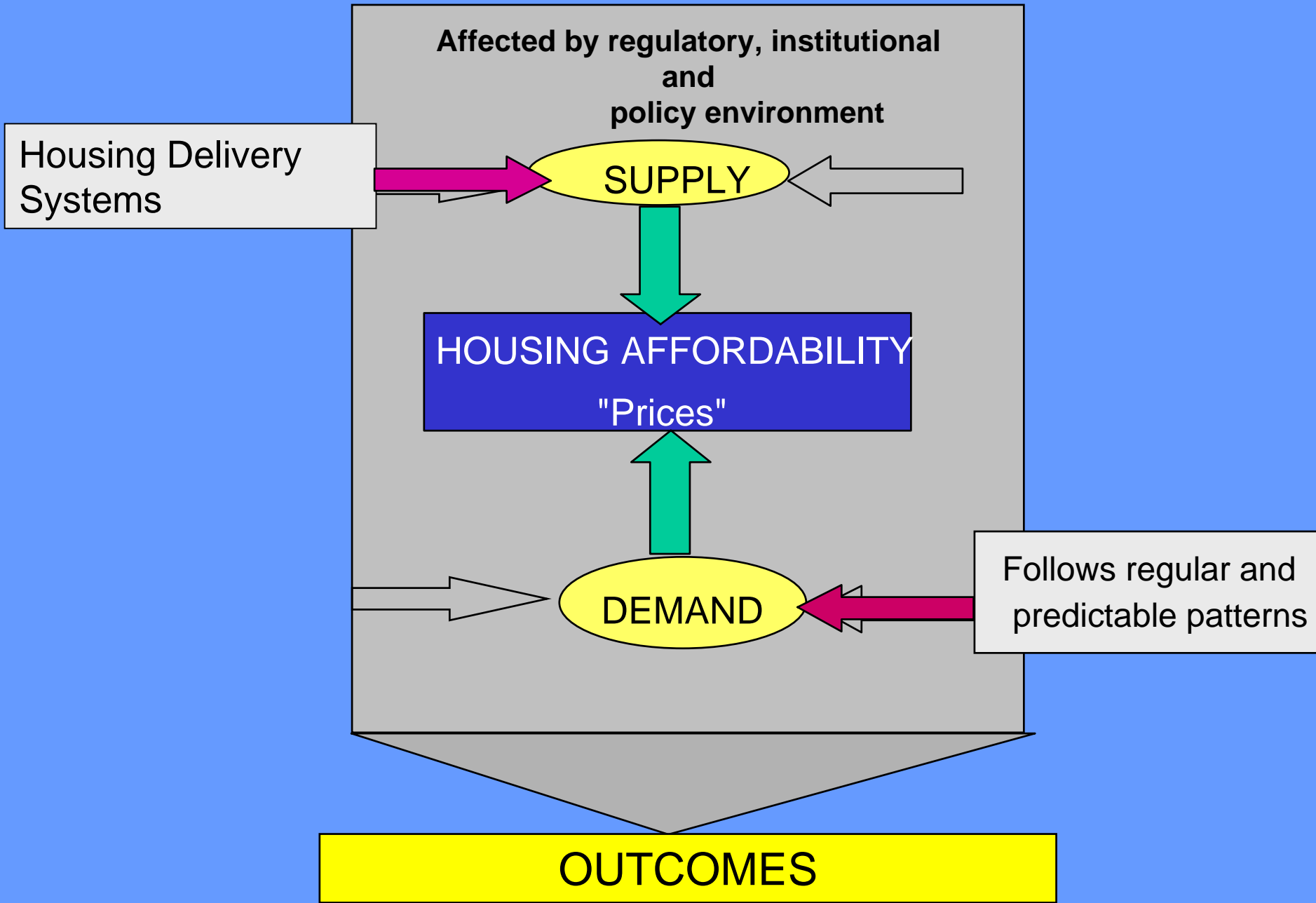
Why do we need a Housing Policy?

Housing Policy: tackling adverse impacts on poor families



The Context of Housing Policy





Land
Laws
Regulations and Norms
Administrative Practices
Investments
Taxes
Subsidies
Programmes

Projects
Financing & Credit
Property Rights
Building Materials
Building Technology
Construction Industry
Infrastructure

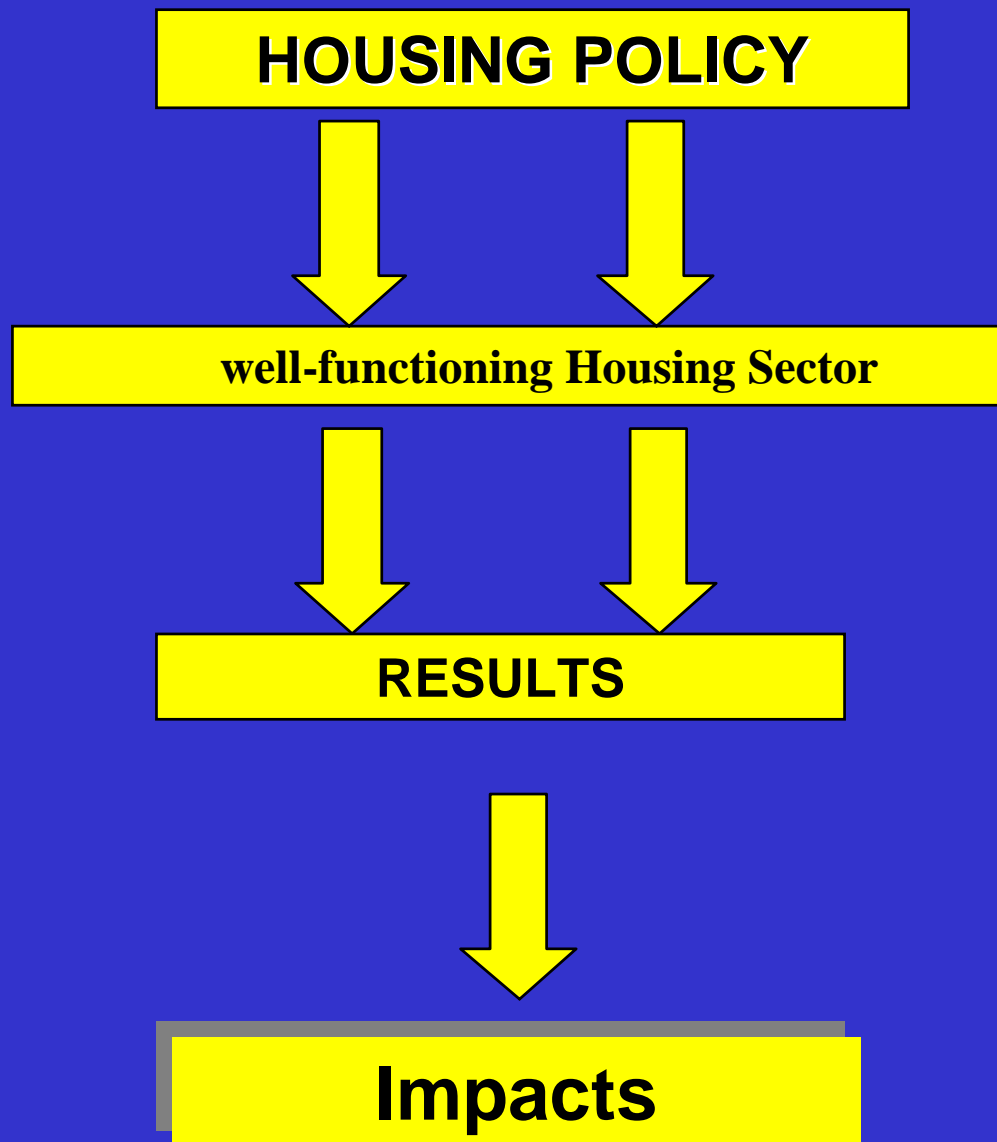
HOUSING POLICY

Well-functioning Housing Sector

RESULTS

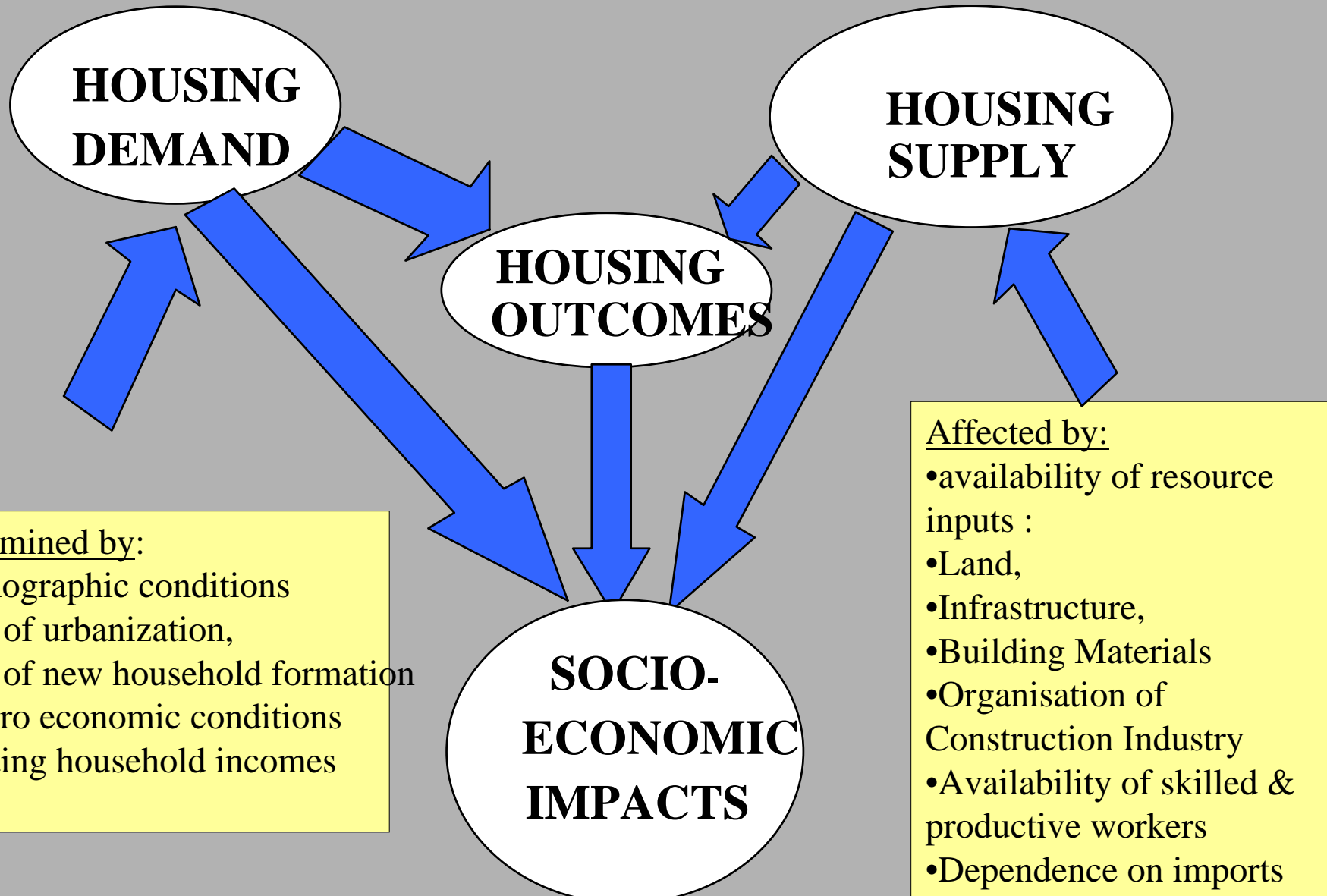
- Freedom of Choice e.g. rent, buy
- More residential mobility
- Social welfare
- Development processes

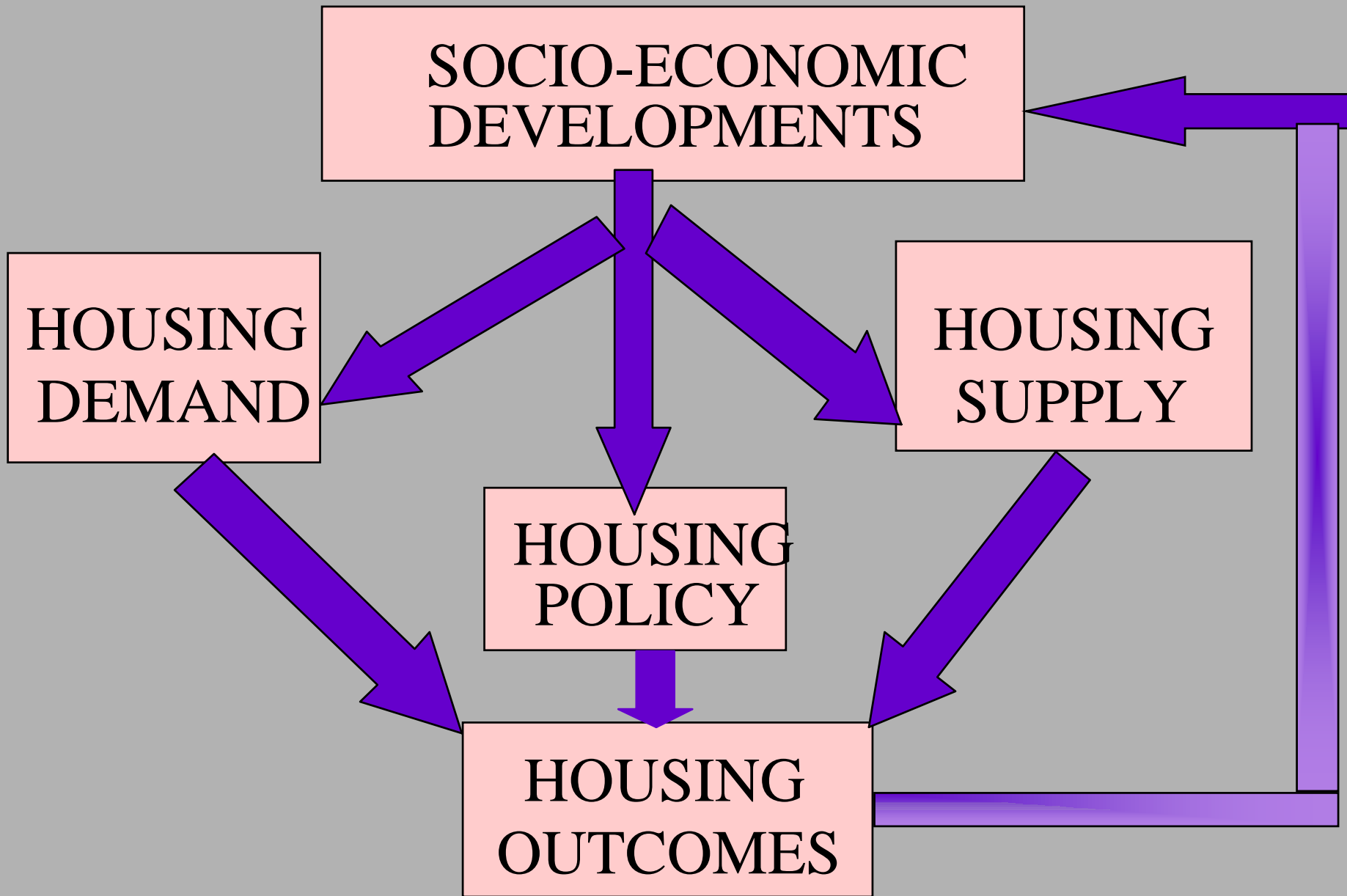
- Accesible prices in the market
- Improvement in Housing
- General improvement in districts
- Urban productivity
- Labour productivity

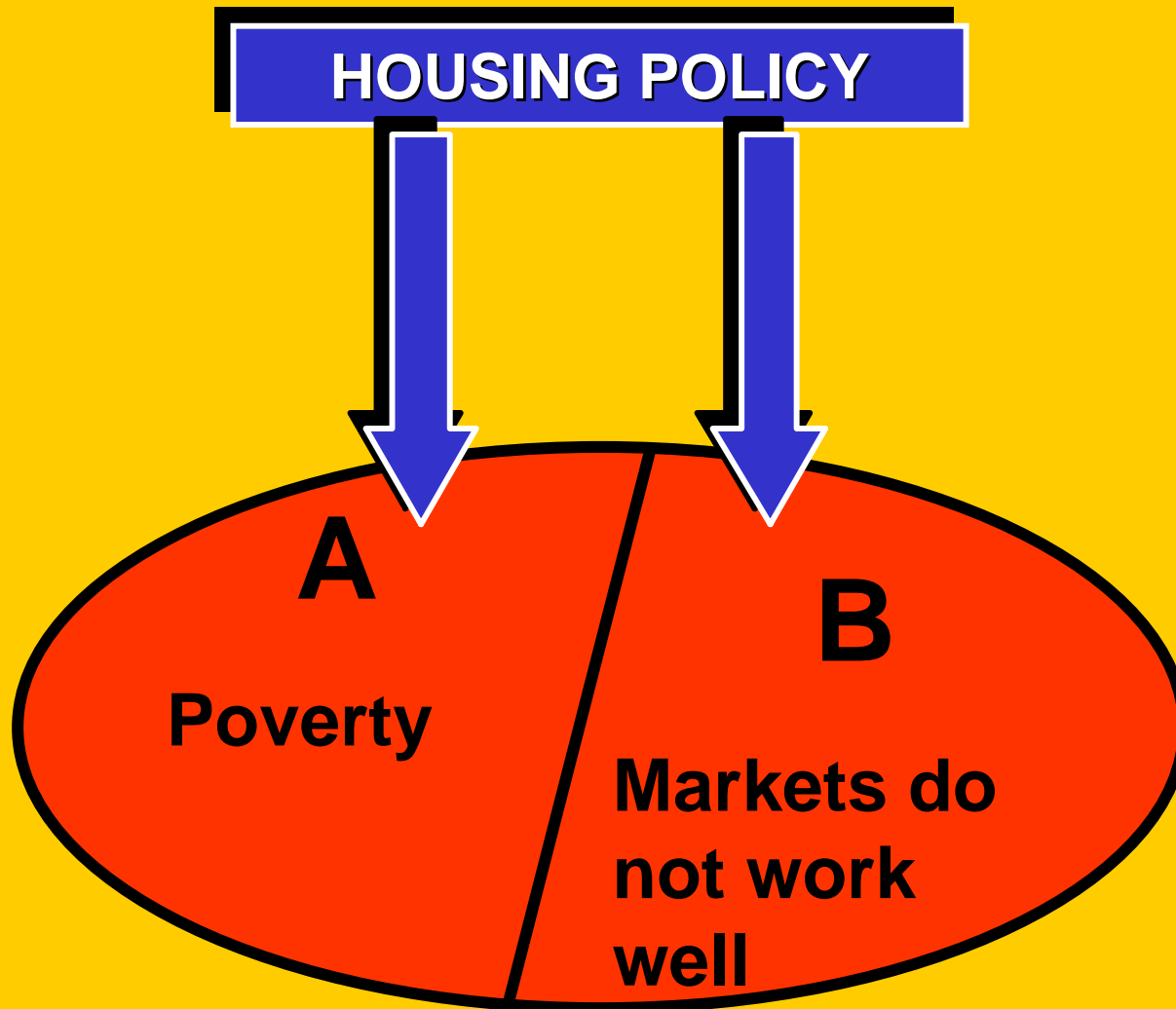


Developing a Normative View of the Housing Sector

Housing Indicator Programme, The World Bank



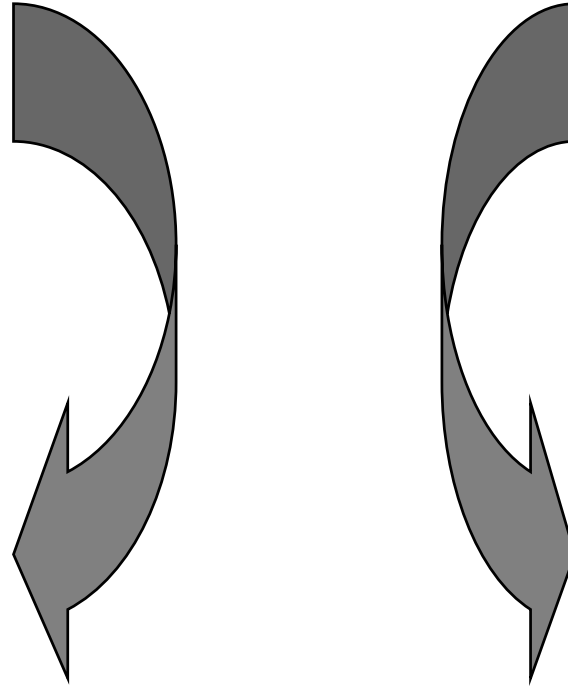




Enabling Housing Markets to Work ?

HOUSING POLICY OUTCOMES

- Free tenure choices
- Residential mobility
- Raised welfare
- Development processes
- Quality & safety of buildings
- Availability of infrastructure
- Savings & capital formation



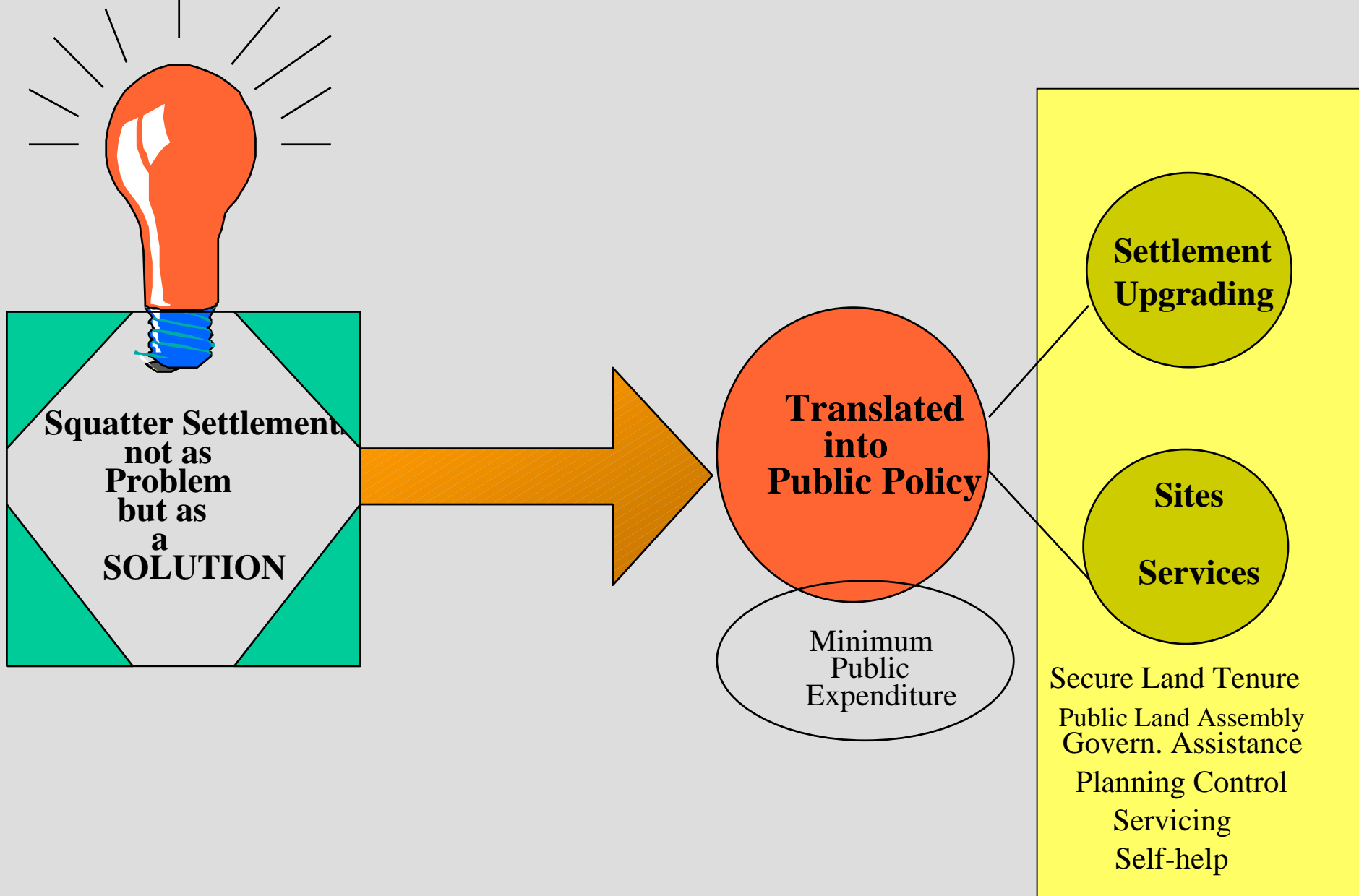
- Affordable prices in formal & informal markets
- Improved physical conditions
- Standards
- Levels of Investments
- Urban productivity
- Labour productivity
- Mortality & health conditions

6.

Shifts in Paradigm and Policy Approaches:

do we know where we stand today and where we are going to?

Shift 1 in Housing Policies



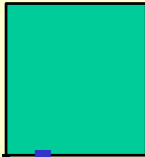
Shift 2 in Housing Policies

Conventional Housing



Serviced Plots with Core Housing Unit

Ready-made HOUSES



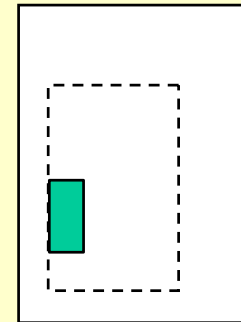
Infrastructure Networks



Low cost publicly subsidised housing

Conventional Delivery System

Infrastructure Networks



CORE UNITS

+

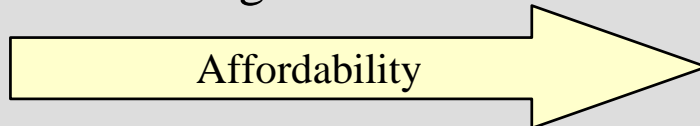
SERVICED PLOTS

Response to the incapacity of the majority of the population to pay for a standard house



Lowering the Standards

Affordability

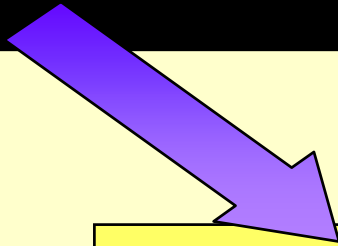


Unconventional Delivery System

Rationalising the building process

Shift 2 in Housing Policies

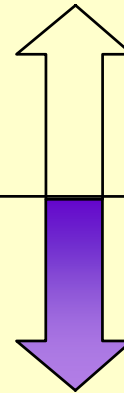
Sites & Services translated as
"a structure of rules and incentives
to channel private investments"



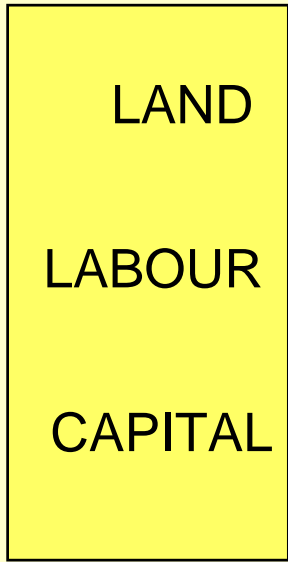
An intervention into the
HOUSING MARKET
in order to change it in the
way it works for low income
residents

Governmental Intervention

Assembling Components



Shaping Components

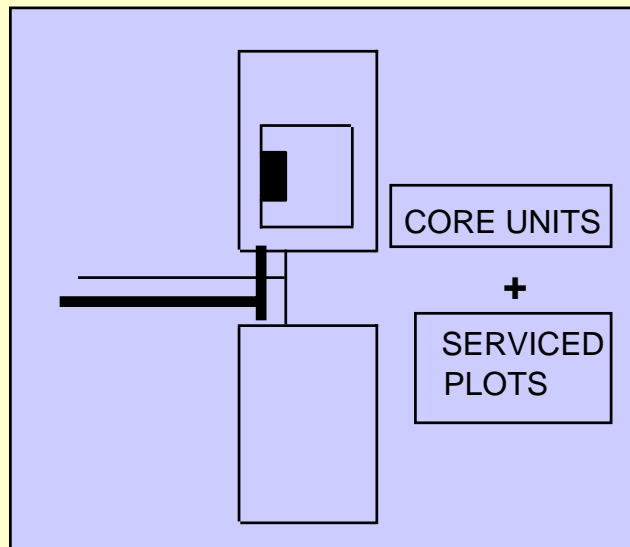


Informal Building Contractors
Large BM suppliers
Location
Standardize Plot sizes
Rationalization of Building Process
Renting & Tenants
Displacement

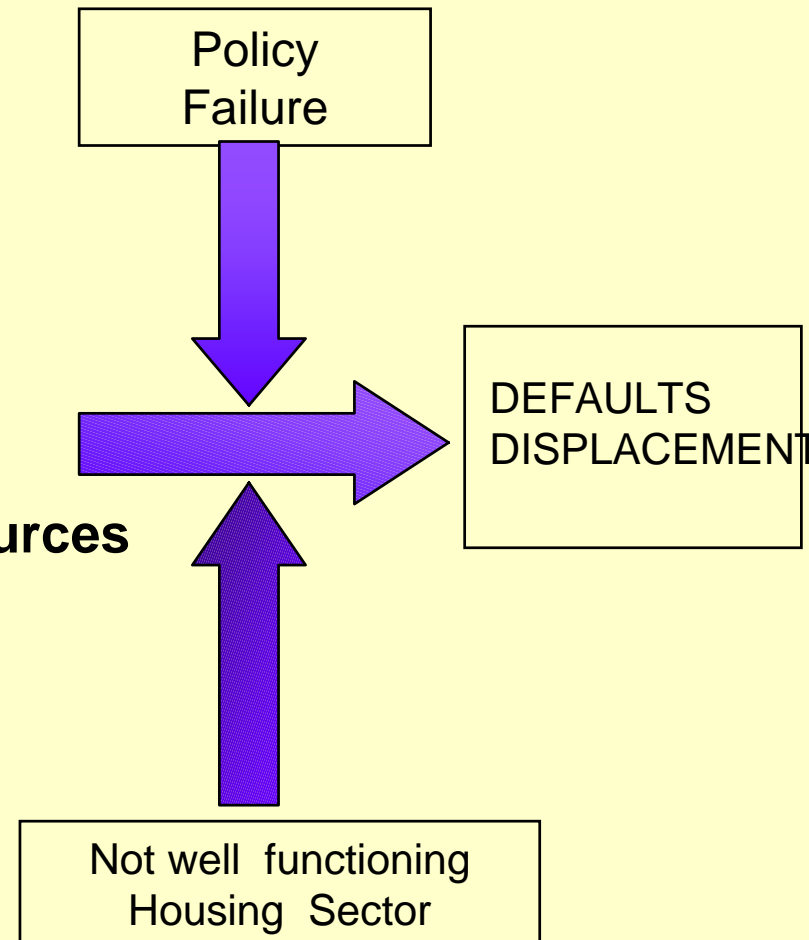
Locational choices
Size of settlements and Variety of Plot sizes
Matching land - resources of beneficiaries
Provision of minimum services

Shift 2 in Housing Policies

SITES & SERVICES: a new orthodoxy



MISMATCH
between
COSTS
and
Household Resources



Self-Help Housing: A NEW ORTHODOXY!

Settlement Upgrading Agencies, discarding the threat of eviction

Infrastructure, Community Participation, legalisation of tenure, property rights/use of plots.

Urban Development Agencies, creation of new settlements, housing estates

Credit of building materials, technical assistance, taxes and fees, serviced plots, the minimum housing unit, cost recovery.

Housing Improvement totally under the responsibility of families.

Household labour, gradual construction

Families decide over the investments, their targets, priorities and space.

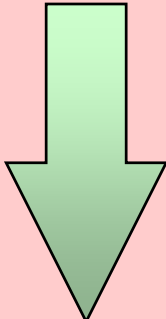
Abrams, 1964.
Turner, 1976,

Labour from households reduce unit costs of construction!

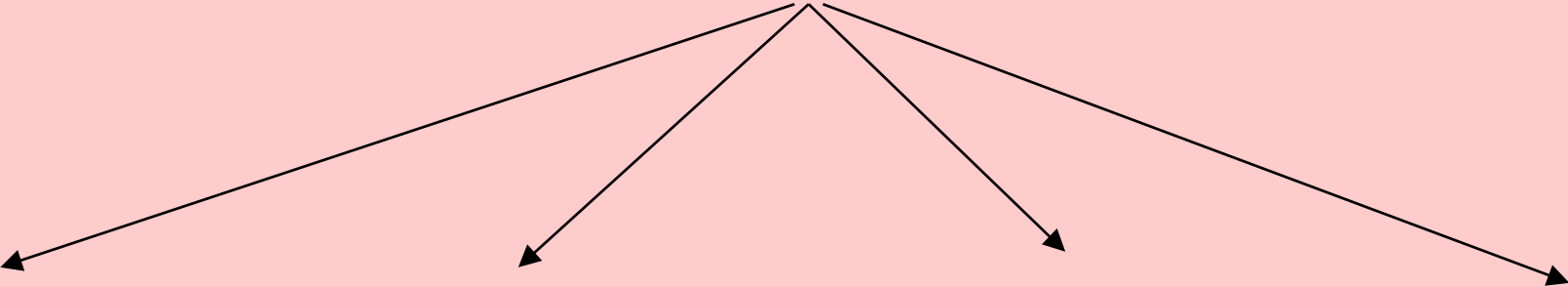
Subsidy; standard; costs; investments; access; cost recovery

The transferring of the income earned will increase the potential capacity to produce more housing annually (5-20 %)

Governmental Intervention



Assembling Or Shaping
Components & Key
Inputs



LAND

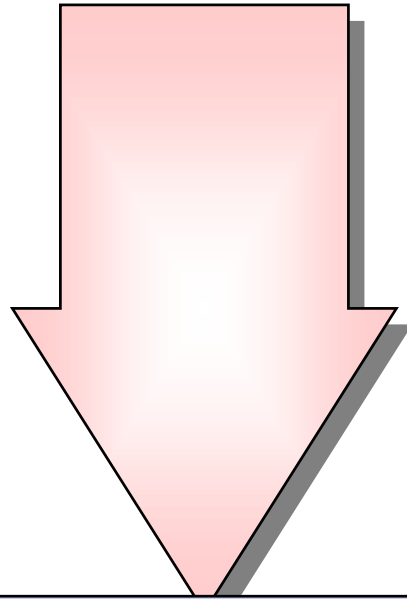
LABOUR

BM

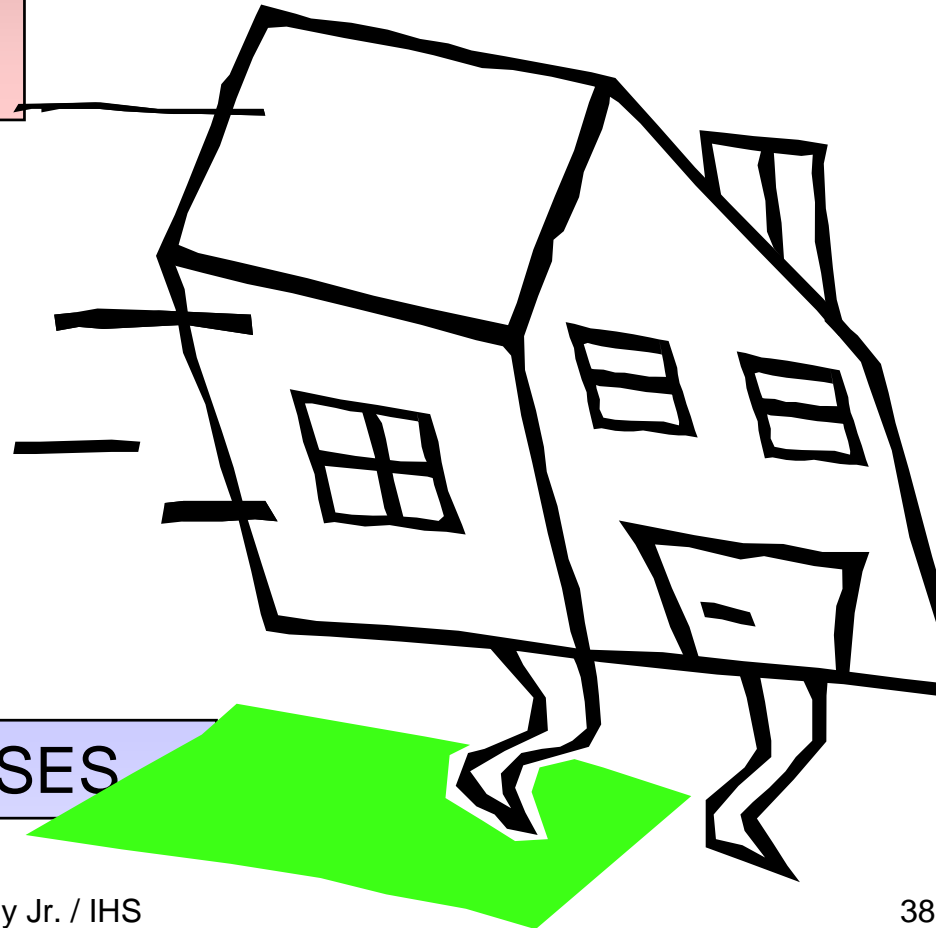
CAPITAL

ANOTHER SHIFT DURING THE 1990'S

Housing Tends
To
Disappear ?



HOUSING WITHOUT HOUSES



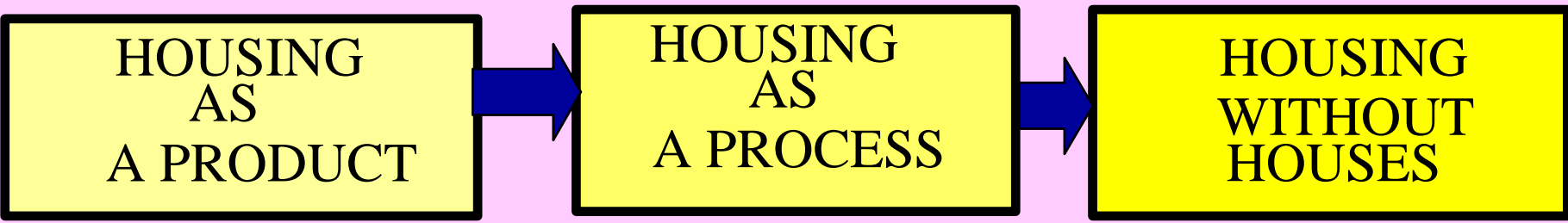
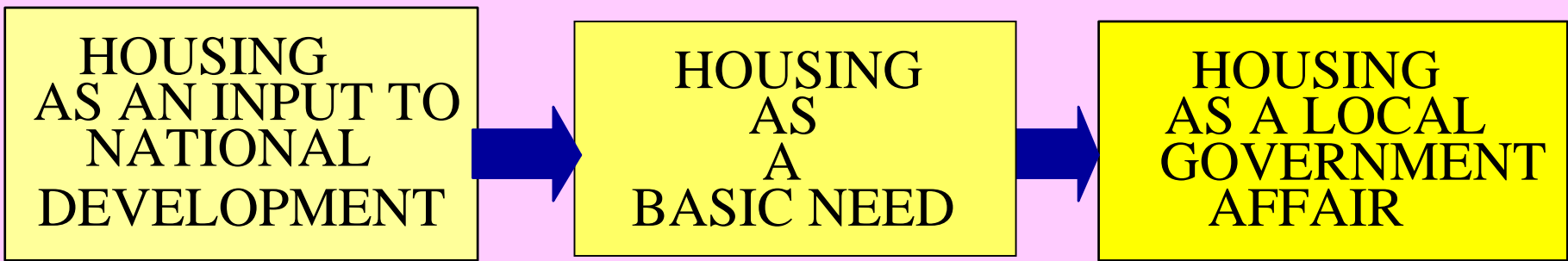
SHIFT IN THE PRACTICE AND UNDERSTAND OF HOUSING

1930

1970

1980

1990



Shift 3 in Housing Policies

A shift from policies of liberalization

Effective partnership
is the key to the enabling approach



ENABLING STRATEGIES

1. Potential to alleviate the housing problem through public/private partnerships - PPP
2. PPP provides mechanisms to resolve the needs/demand gap in housing provision between what people can afford and what the market can provide.
3. Sharing risks.
4. Having access to each other's skills & resources
5. Maximising resources, returns, investments..
6. Complementarily and mutually supportive.

Shift 3 in Housing Policies

<p>Principle that human settlements are the location where most economic activities are concentrated & where most of the pressure on the environment is generated</p>	<p>GSS</p> <p>GLOBAL STRATEGY FOR SHELTER TO THE YEAR 2000</p> <p>General Assembly of the UN in 1988.</p>	
	<p>GOVERNMENTS SHOULD MOVE AWAY FROM ACTUAL CONSTRUCTION/PRODUCTION OF HOUSES AND INSTEAD SHOULD CONCENTRATE ON :</p>	



1. Facilitating access to Land, Finance, Infrastructure and Services.
2. Remove restrictive regulations and procedures affecting the performance of the Housing sector.
3. Introduce realistic/efficient regulations concerning building activities and land use
4. Strengthening institutional frameworks that favour/encourage people's participation.



ENABLING STRATEGIES



AGENDA 21, Chapter 7.

•Withdrawal from the direct provision of housing to facilitate the efforts of others via a more appropriate regulatory and financial environment.

•Global plan of action for guiding national/international initiatives through 2010 & 2020s.

7.

The Enabling Approach:

implications and opportunities.

The Enabling Approach

A strategy in which governments move from providing, financing and maintaining housing to promoting housing market efficiency, particularly on the supply side

Role of government in housing

- Objective of the enabling approach:

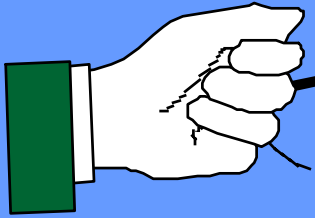
Create a well-functioning housing sector that serves the needs of consumers, producers, financiers and local and central governments; and that enhances economic development, alleviates poverty, and supports a sustainable environment

To intervene in the sector to avoid market distortions and externalities (e.g. land use rights and obligations, cross-subsidy, land reform, etc)

UN HABITAT II Conference 1996

- Prohibit discrimination
- Legal security of tenure
- Housing for ALL:
habitable, affordable and
accessible housing
- Effective monitoring and
evaluation of the housing
conditions
- Integrated Housing
policies with
economic and social
development and
environmental
sustainability
- Enable markets to
function effectively
- Strengthen Housing
delivery systems
- Focus on poverty,
women and
disadvantaged people

Enabling Instruments

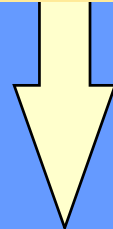


DEMAND



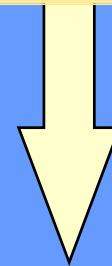
1. Property Rights
2. Finance
3. Subsidies

SUPPLY



4. Infrastructure
5. Development Regulation
6. Building Industry

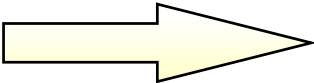
INSTITUTIONAL



7. Institutional Framework

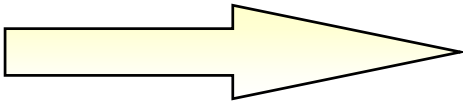
DEMAND

1. PROPERTY RIGHTS



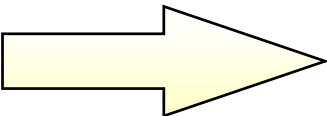
- Land registration
- Regularization
- Tenure & land rights

2. FINANCE



- Mortgage, lending and credits
- Regulations to collateral
- Titling, investment, savings

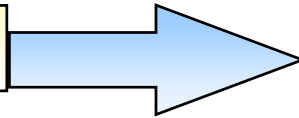
3. SUBSIDIES



- Rationalization, dismantling barriers
- Targeted subsidies
- Transparency

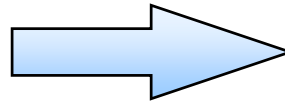
SUPPLY

4. INFRASTRUCTURE



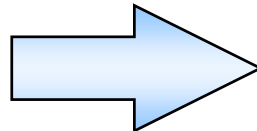
- Opens new opportunities for housing
- Servicing land according to technical economical & environmental sustainability
- Balance between costs & benefits of Land

5. DEVELOPMENT REGULATION



- Housing developments
- Facilitating the poor
- Environmentally sound alternatives Competition

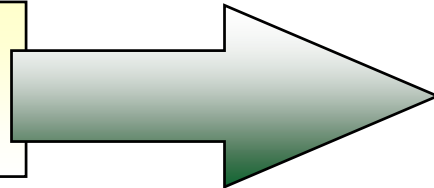
6. BUILDING INDUSTRY



- Organization, non-monopolies, Coordination

INSTITUTIONAL

7. INSTITUTIONAL FRAMEWORK



- Mechanisms of monitoring housing sector
- Participation of private sector, NGO, etc.
- Research.

SUMMARY of Shifts in Housing Policy

1. State sponsored housing production and delivery

2. Lowering standards to reach lower income families

3. Involving future beneficiaries in housing production

4. Intervention in housing inputs to facilitate housing production

5. Enabling policies: less government involvement

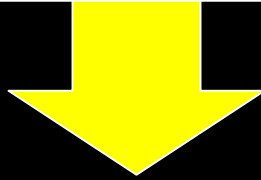
6. Decentralisation: municipal housing policies

7. Large scale privatisation of state-owned housing stock (CEE)

8.

Current Global Efforts to Tackle the Problem

Millennium Development Agenda



GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

Target 11:

By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers, which builds upon the Cities Alliance's Cities Without Slums Initiative.

Millennium Development Agenda

Target 11 REVISITED (2005):

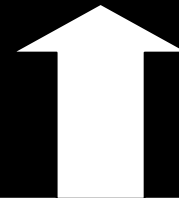
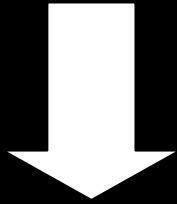
By 2020, improving substantially the lives of at least 100 million slum dwellers, while providing alternatives to new slums formation.

WHAT DOES IT MEAN IN PRACTICE?

IS IT RELEVANT FOR YOUR COUNTRY?

Remedial Policies

1. Planning for development
2. Strategies to improve existing situation
3. Approaches to improve quality of life



Preventive Policies

1. Planning BEFORE development
2. Enabling housing strategies
3. Approaches to access housing inputs
4. Resolving the land question
5. Linking housing and income

NOT
Planning for
Development

BUT

Formalisation
of
Development

People living in slums

UN-HABITAT estimates, 2001

Developed regions
54 million

Transition countries
25 million

Asia Pacific
570 million

Latin America & Caribbean
128 million

Africa
188 million

World
924 million

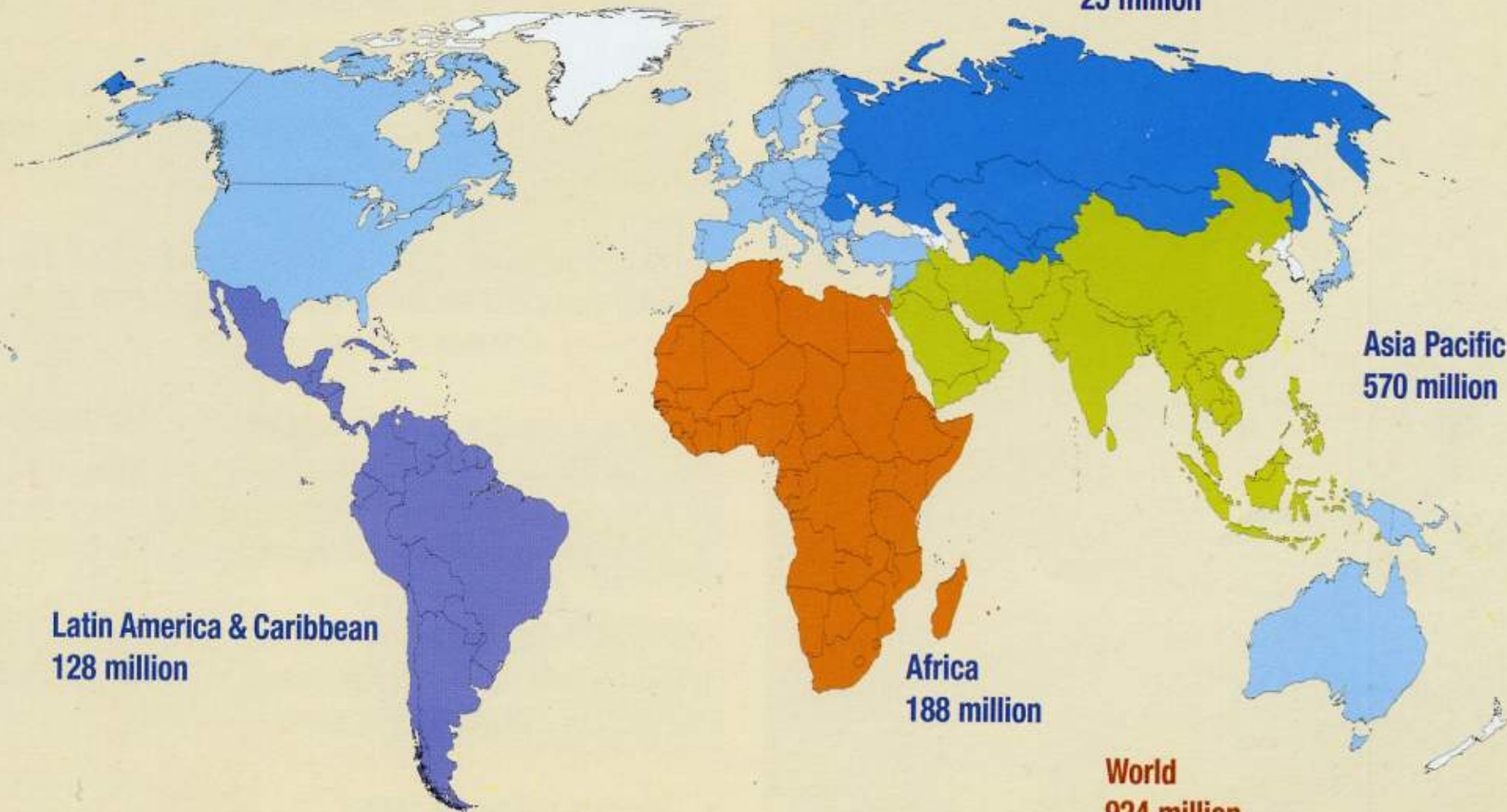
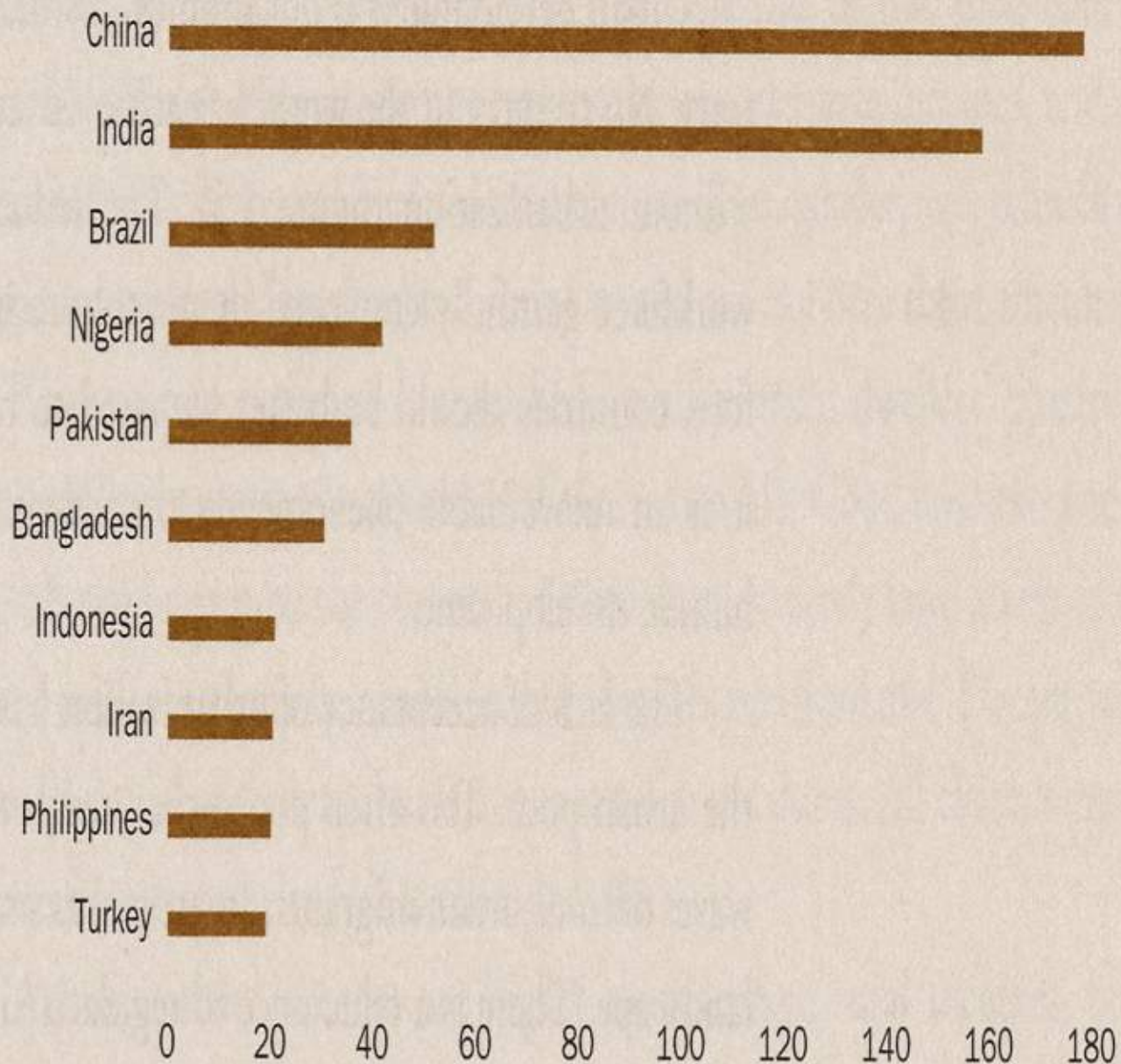


Figure 1.4

**China and India
have the greatest
number of slum
dwellers among the
top 10 countries**

*Number of slum dwellers
by country (millions)*

Source: UN-HABITAT 2003.





A GLOBAL PARTNERSHIP WITH CITIES TO MEET THE CHALLENGE OF PRO-POOR POLICIES AND PROSPEROUS CITIES WITHOUT SLUMS

Why should we be in the Cities Alliance?

The goal is to make unprecedented improvements in the living conditions of the urban poor through collective action in two key areas:

- City development strategies which reflect a shared vision for the city's future and local priorities for action to reduce urban poverty.**
- Citywide and nationwide slum upgrading to improve the lives of at least 100 million slum dwellers by 2020.**

Cities without Slums: The First Five Years

POSITIVE

NEGATIVE

Slums are visible on the international agenda	Response is far too slow - not achieving scale
Secure tenure has been recognised	Distorted land markets remain
More national programmes being developed	Many countries remain in denial
Link with CSD and the Environment	Action needed to prevent new slums
MDG Targets as ODA framework	ODA is insufficient and often tied
Improving coherence of effort	Donor support often sectoral and project based

Policy Impacts

Good

Bad

<p>Secure Tenure</p> <ul style="list-style-type: none"> ▪ Promotes stability ▪ Poor can plan for future 	<p>Forced Evictions</p> <ul style="list-style-type: none"> ▪ Assets destroyed ▪ Merely dislocate slums
<p>Open Land Markets</p> <ul style="list-style-type: none"> ▪ Access to land for new development ▪ Ability to plan ▪ Anticipate growth & prevent new slums 	<p>Distorted Land markets</p> <ul style="list-style-type: none"> ▪ Speculation ▪ Corruption ▪ New Slums
<p>Formal service provision</p> <ul style="list-style-type: none"> ▪ Access to potable water, and safe sanitation ▪ Immediate health benefits ▪ Revenue stream to service provider 	<p>No formal Service provision</p> <ul style="list-style-type: none"> ▪ Informal / illegal access ▪ Highest prices for poorest ▪ High health risks ▪ Promotes exploitation
<p>Slum dwellers can borrow and invest in home and area informal economy can grow</p>	<ul style="list-style-type: none"> ▪ Insecurity inhibits investment ▪ Limited private sector involvement
<ul style="list-style-type: none"> ▪ Potential for community cohesion ▪ Women able to enter economy ▪ Children at school 	<ul style="list-style-type: none"> ▪ Communities are divided ▪ Most negative impact on women and children
<p><i>ECONOMIC GROWTH IS POSSIBLE</i></p>	<p><i>POVERTY INCREASES</i></p>



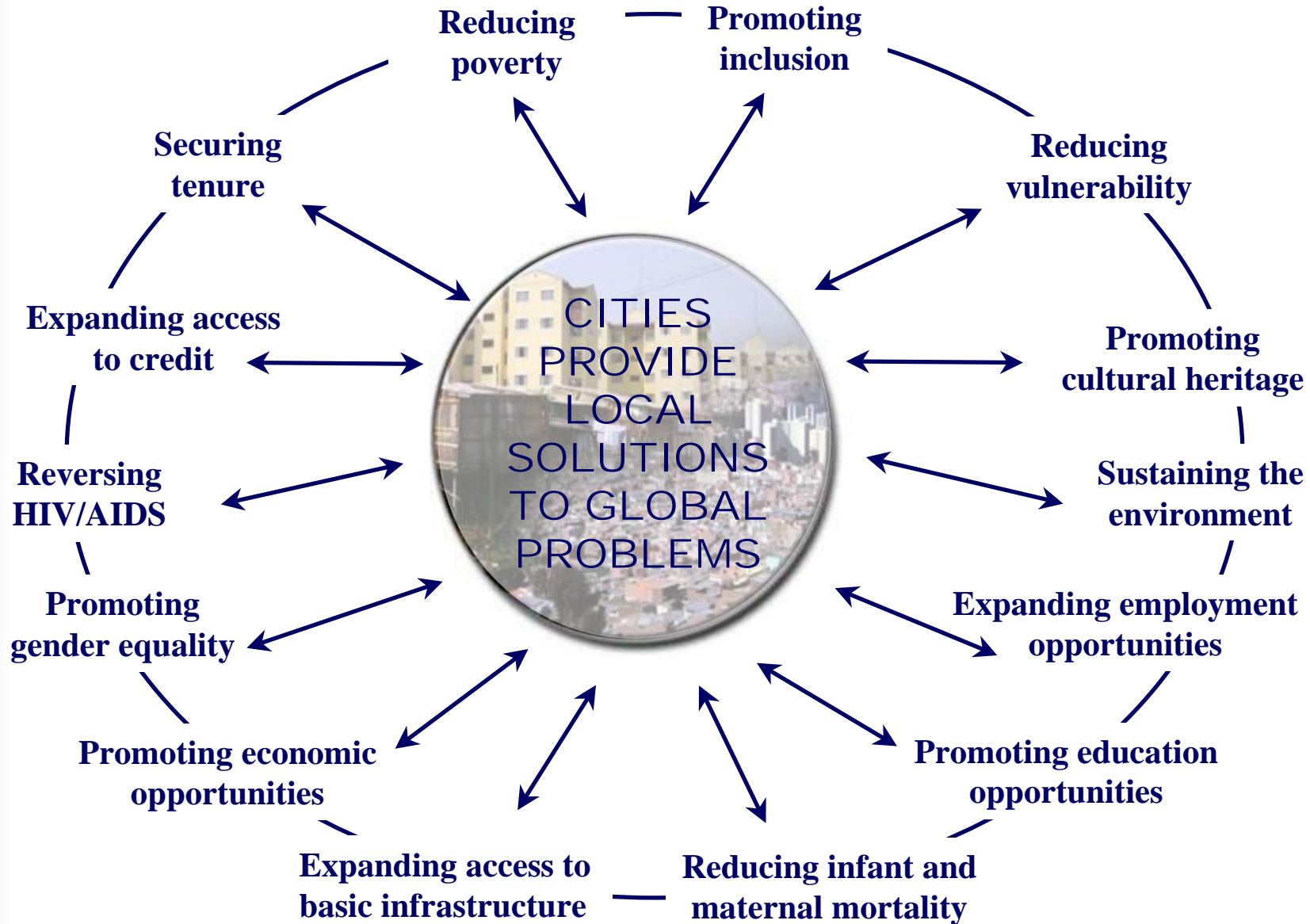
Cities Alliance
Cities Without Slums

The Cities Without Slums Initiative is a creative and daring response to urban poverty.

Poverty reduction will not be possible unless cities are productive and efficient, and capable of providing the poor with economic opportunities to build their assets and incomes.

Nelson Mandela, 1999

Why should we be in the Cities Alliance?



9.

**Citywide Programme
requires institutional
development and
management capacities.**

Bulk of Experiences with Slum Upgrading Projects and Citywide Programmes

- 1. Lusaka Upgrading and Sites & Services Programme**
- 2. KIP-Kampung Improvement Programme**
- 3. PRIMED-Integrated Programme for the Improvement of Deteriorated Neighbourhoods in Medellin**
- 4. Favela Bairro Programme in Rio de Janeiro**
- 5. Social Inclusion Programme of Santo Andre**
- 6. Slum Improvement Programme of Ahmedabad**
- 7. Slum Networking in Mumbai**
- 8. APUSP-Andhra Pradesh Urban Services for the Poor Project**
- 9. PMBB-Neighbourhood Improvement Programme of Bissau**
- 10. Colombo Slum Upgrading Programme**

Citywide Programmes demand critical measures:

- 1. Establish institutional and organisational framework**
- 2. Define legal framework**
- 3. Management and Implementation Capacities**
- 4. Define flow of funds and sources of funding**
- 5. Determine who is involved and how**
- 6. Establish contractual procedures**
- 7. Clarify how residents/beneficiaries can participate**
- 8. Organise communication strategy**

Lessons learned from 4 decades of Upgrading:

