SHELTER FOR ALL
THE POTENTIAL
OF HOUSING POLICY
IN THE
IMPLEMENTATION
OF THE
HABITAT AGENDA
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Box 1. The Istanbul Declaration

"We have considered, with a sense of urgency, the continuing deterioration of conditions of shelter and human settlements. At the same time, we recognize cities and towns as centres of civilization, generating economic development and social, cultural spiritual and scientific advancement. We must take advantage of the opportunities presented by our settlements and preserve their diversity to promote solidarity among all our peoples.

This Conference in Istanbul marks a new era of cooperation, an era of a culture of solidarity. As we move into the twenty-first century, we offer a positive vision of sustainable human settlements, a sense of hope for our common future and an exhortation to join a truly worthwhile and engaging challenge, that of building together a world where everyone can live in a safe home with a promise of a decent life of dignity, good health, safety, happiness and hope."

Source: UNCHS 1997b, paragraphs 2 and 15.
Box 2. Human Right to Adequate Housing in the Habitat Agenda

paragraph 26

"... we reaffirm our commitment to ensuring the full realization of the human rights set out in international instruments and in particular, in this context, the right to adequate housing as set forth in the Universal Declaration of Human Rights...."

paragraph 39

"We reaffirm our commitment to the full and progressive realization of the right to adequate housing, as provided for in international instruments.... We shall implement and promote this objective in a manner fully consistent with human rights standards."

paragraph 61

"... Governments should take appropriate action in order to promote, protect and ensure the full and progressive realization of the right to adequate housing. These actions include, but are not limited to:...

Source: UNCHS 1997b, paragraphs 26, 39, 61.
Box 3. Good Policy Can Make a Difference - Belo Horizonte

Since 1993, the Brazilian city of Belo Horizonte has been experimenting with a "participatory budget" process designed to involve as many people as possible in debating and influencing key spending priorities in relation to public investments. Public meetings with city officials evaluate the record of the previous year, review investment options, discuss future priorities, and elect representatives to go forward to the next level of debates, with an agreed set of plans eventually being presented to the municipal legislature. In 1995, over 28,000 people took part in these meetings.

The budgeting process uses an "Urban Quality of Life Index" to allocate investment funds between different parts of the city. The combination of greater equity in these procedures, combined with more transparency and accountability on the part of the municipal authorities, gives residents much more of a stake in the future of their city and ties investment more closely to local needs. As a result, shelter conditions are improving even in the poorest areas. For example, representatives from the city's "favelas" gave priority to investment in sanitation and drainage over improvements to roads in their neighbourhoods. As a result, access to safe drinking water and solid waste disposal is increasing dramatically, and in the future there should be significant improvements in environmental health. Not only is the allocation of funds to "favelas" increasing overall, but more investments are being channelled to real priorities within them by both local government and the residents themselves.

Source: Bretas 1996.
### Box 4. The Supply and Demand for Housing

<table>
<thead>
<tr>
<th>Factors Influencing Demand</th>
<th>Factors Influencing Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Disposable income and its distribution within the population</td>
<td>* Price and availability of land (especially that served by public transport)</td>
</tr>
<tr>
<td>* Nature and security of employment</td>
<td>* Price and availability of unskilled labour</td>
</tr>
<tr>
<td>* Household priorities (ownership or renting investment or savings)</td>
<td>* The efficiency of the official framework for construction and exchange</td>
</tr>
<tr>
<td>* The availability of housing finance (without restrictions according to gender)</td>
<td>* Official standards on building, materials, services and infrastructure</td>
</tr>
<tr>
<td>* Household size, structure and age</td>
<td>* Policy towards illegal settlements</td>
</tr>
<tr>
<td>* Occupation (e.g. students opting for renting)</td>
<td>* Building materials costs</td>
</tr>
<tr>
<td>* Secure property rights (or at least a secure claim on property)</td>
<td>* Availability and price of infrastructure and services</td>
</tr>
</tbody>
</table>
Box 5. Good Practice in Public-Private Partnership

* In Dakar (Senegal), an innovative partnership between communities in five municipalities, an international consortium of waste management companies, local private-sector service providers and small-scale entrepreneurs, and the city government, has achieved drastic improvements in the collection and disposal of solid waste and at the same time generated over 1,500 jobs. Government retains administrative and fiscal control of the programme but contracts vehicle supplies and repairs to international companies (part-funded by a World Bank credit), and collection and disposal to local firms. They then sub-contract the actual work to community-based entrepreneurs called "Economic Interest Groups", thus combining efficiency, poverty-reduction and accountability goals in the same framework.

* In Guatemala City, the "Committee for Attention to the Population of Precarious Areas" (COINAP) was formed in 1986 to bring together representatives from government, NGOs, communities and international agencies in joint dialogue, planning and action in housing, health and essential services. The programmes developed by COINAP included subsidized loans for house improvement and infrastructural development, community construction and management of water supply networks (funded by UNICEF), and a network of urban health promoters active in sixty illegal settlements who have implemented a variety of primary health care initiatives. The interaction of communities with government and international donors was crucial to the success of the programme.

Box 6. "Enabling Instruments" in Housing Policy

Governments have seven major "enabling instruments" in helping markets to work more effectively:

* **three on the demand side**: secure property rights and enforcing the right to own and exchange property on the market; developing mortgage finance and increasing access to housing finance among the poor; and rationalizing subsidies.

* **three on the supply side**: providing infrastructure for land development; regulating land development while removing unnecessary regulations; and organizing the building industry (including removing restrictions on local materials).

* **one general measure**: strengthening the institutions of urban management, including the promotion of popular participation in decision-making, and linkages with NGOs and community organizations.

*Source: Adapted from World Bank, 1993, pp4-5.*
Box 7. Recommendations to promote rental housing

- Governments should review their housing policies and should devise appropriate strategies for rental housing which remove biases against non-owners;

- In the context of an enabling role in national shelter strategies, governments should encourage and facilitate rental housing production by the private sector through a wide variety of measures including promotion of conducive legal and regulatory environment such as introduction of fiscal and property tax concessions, streamlining building codes and planning standards, relaxing rent control measures, identifying the scope for subsidies for low-income homelessness;

- Governments should review the role of public sector as landlord, and if they wish to continue provision of rental housing to public at large, direct their initiatives with priority to special situations/locations and to households with specific needs that the private housing markets can not sufficiently serve;

- Informal settlements should be improved in order to support and expand rental housing stock for low-income households;

- Security of tenure (for both tenants and landlords) should be promoted particularly in informal settlements;

- The contributions of housing cooperatives, non-governmental organizations and community-based organizations in rental housing production and management should be strengthened;

- Urban improvement programmes/activities should pay attention to the problems of residential stability, particularly of low-income tenants living in those specific areas affected by improvement initiatives.

Source: Adopted from UNCHS, 1990d.
Box 8: Adequate Land Supply and Efficient Land Markets.

76. To ensure an adequate supply of serviceable land, Governments at the appropriate levels and in accordance with their legal framework should:

- (a) Recognize and legitimize the diversity of land delivery mechanisms;
- (b) Decentralize land management responsibilities and provide local capacity-building programmes that recognize the role of key interested parties, where appropriate;
- (e) Consider fiscal and other measures, as appropriate, to promote the efficient functioning of the market for vacant land, ensuring the supply of housing and land for shelter development;
- (f) Develop and implement land information systems and practices for managing land, including land value assessment, and seek to ensure that such information is readily available;

77. To promote efficient land markets and the environmentally sustainable use of land, Governments at the appropriate levels should:

- (b) Support the development of land markets by means of effective legal frameworks, and develop flexible and varied mechanisms aimed at mobilizing lands with diverse juridical status;
- (c) Encourage the multiplicity and diversity of interventions by both the public and private sectors and other interested parties, men and women alike, acting within the market system;
- (e) Review restrictive, exclusionary and costly legal and regulatory processes, planning systems, standards and development regulations.

Source: The Habitat Agenda, Global Plan of Action paragraphs 76-77 UNCHS, 1997b.
Box 9. Innovations in the Supply of Housing Inputs

* **land readjustment** in India and Bangladesh brings together small parcels of land, installs basic infrastructure, and returns the land to the owner on condition that a proportion of the unearned increase in land values is handed back to government to make more land available to low-income groups. In another variant of this approach, land sharing, provides secure tenure to poor households living on one part of a plot in return for the right of the landowner to sell or develop the other part. **Both approaches work because they yield concrete benefits to all parties.**

* **dual-indexed mortgages** in Mexico are linked to both wages and prices, which makes them simultaneously more affordable and more sustainable. Repayments are fixed at a maximum percentage of the borrowers’ income and allow for flexible repayment periods in excess of fifteen years. FURPROVI in Costa Rica integrates low-income borrowers into the banking system over time (to promote scale and sustainability) but provides special help at the beginning of the repayment period when incomes are lowest and least reliable. **Both approaches work because they recognize the particular needs and characteristics of the poor.**

* the **Integrated Urban Infrastructure Development Programme** in Indonesia incorporates a series of systematic procedures by which infrastructure needs are discussed, planned and allocated with the necessary finance from the bottom-up, and the necessary arrangements are made in advance for operation and maintenance. This approach works because it adopts integrated planning across different sectors based on city-specific conditions, links plans to resources and maintenance at every stage, and includes provision for capacity-building in planning, budgeting and management.

Box 10. Two Approaches to Supporting Small-Scale Housing Production

1. The housing support programme of the Orangi Pilot Project (OPP) in Pakistan builds on the accepted position of "thallawalas" - small-scale manufacturers and suppliers of building materials - to upgrade the quality of housing delivery in line with local norms, needs and affordability. The "thallawalas" also supply labour and cash credit to those who want to extend their dwellings. OPP has encouraged them to shift to machine-made blocks, pre-cast lintels and staircases, and improved foundations for load-bearing walls; offered training to local masons; and developed the "thallawalas" as a base for research and experimentation, and for the supply of tools to owner-builders. Though much smaller than the OPP-supported sanitation programme, this approach has already resulted in significant improvements to housing quality. It works because it builds on existing institutions and relationships in low-income settlements, and finds the right balance between market incentives and targeted interventions.

2. "Mutirao" - the National Programme of Mutual Aid Housing in Brazil - provides funding for the purchase of building materials through "communal societies." Each society has a General Assembly of beneficiaries for decision-making, a bank account or fund (to which loans are repaid), and a Council made up of community and government representatives which oversees the programme. People construct their houses either individually or with others (usually the latter), and houses are allocated to members once all have been completed. Since 1987, 100 communal societies have been formed in the city of Fortaleza, and around 11,000 dwellings constructed. Loan repayments are deposited into a community fund, half of which is used for collective projects and the other half for individual house improvements. The cost of each house is $1,200, including a subsidy from government and a labour contribution from the occupier. Like the OPP, "Mutirao" strikes the right balance between social pressure and financial discipline.

Box 11. Towards the "Gender-Aware" City

Women and men have different roles and responsibilities within households, communities and labour markets; different access to and control over resources; and different needs and priorities for housing and other elements of the good life. Housing policies must contribute to the reduction of gender-based inequalities and ensure that women and men get equal access to credit, vocational training and housing programmes. All policy measures must recognize that there is no such thing as a "household", "community", "neighbourhood" or "low-income group" with uniform needs and interests. All housing data and indicators should be disaggregated by gender so that they reflect the true situation of women as well as men. And all debates about housing and decision-making procedures about the allocation of resources must be genuinely representative of all people in the city.

Integrating gender issues into policy, planning and management helps to make urban development more effective all-round. It helps to ensure that limited resources are used more effectively, as both women's and men's needs and priorities are addressed; and it facilitates the active involvement of both women and men in housing development, thus reducing the risk of project failure or wasteful expenditure. Integrating gender issues is not an "optional extra" for housing policy - it is an essential and integral part of good practice.

Source: Adapted from UNCHS 1996b, pp349.
Box 12. Indicators for Process and Impact Monitoring in the Cochin Urban Poverty Reduction Project (India)

The CUPRP forms part of a wider programme of integrated slum improvement in major Indian cities financed in part by the British Overseas Development Administration (ODA). The emphasis of the programme is on building capacities in local government and community organizations to plan, implement and monitor shelter and related improvements for themselves, and to strengthen links between different levels of the urban administration. So in addition to the impact of the programme on housing and economic conditions it is important to be able to monitor the processes by which decisions are made and resources allocated.

To answer these questions, the CUPRP has developed an innovative monitoring framework which allows for maximum flexibility and diversity at different levels and in different neighbourhoods, while retaining a core of universal indicators which can be aggregated upwards from individual slums right up to the city as a whole. This ensures that indicators remain meaningful, both to those who are actually implementing the work on the ground, and also to decision-makers in the city administration. Three core indicators have been identified so far: the proportion of households with security of tenure, access to a composite set of infrastructure and services, and a minimum number of "risk factors" in the Alleppey vulnerability index. Examples of non-core indicators include (for the city council) the time it takes to process community construction contracts and applications for land titles; and (for communities) the number of days of work generated for women by public works.

Source: Edwards 1996.
Community Action Planning is initiated by workshops at which the inhabitants of a low-income settlement work with staff from the National Housing Development Authority, the municipal authorities, and local NGOs to identify key housing problems, brainstorm possible solutions, and formulate action plans. For example, when settlements are being regularized the workshops will agree the broad principles under which the process takes place, such as the width of roads and the allocation of land to families who are displaced. Women's needs are clearly identified by a separate women's planning group. Each group presents its recommendations to the others, until a consensus is reached on key issues. The results are then communicated to all the residents by an Action Planning Team, which is also responsible for co-ordinating the actual logistics of regularization. Groups of households decide together how land in their vicinity will be re-allocated, dealing with any disputes that arise along the way. The role of officials is to ensure that allocations are fair and that no-one is able to secure more than the maximum plot size agreed at the outset. Community Action Planning of this sort results in housing improvement which is more equitable, more sustainable, and more efficient than conventional (bureaucratic) approaches because it involves the occupants at every stage.

*Source: Adapted from UNCHS 1996b, pp325.*
Box 14. Innovations in Urban Development Assistance

* The "Sustainable Cities Programme" launched by UNCHS and UNEP in 1990 broke new ground in emphasizing the linkages between social, environmental and urban issues. It is effective because it responds to locally-determined priorities arrived at through participatory processes, and uses external assistance to build capacity through the entire urban management system - across different sectors, between different institutions, and involving all the relevant actors from community groups through to government ministries.

* The **Local Initiative for Urban Environment** (LIFE) Programme was launched at UNCED in 1992, and aims to facilitate participatory urban development through local-level dialogue. Costs are shared among UNDP, bilateral donors, and local (public and private) finance, though the contribution of the private sector has thus far been disappointing. Currently operational in twelve countries on a pilot basis, the LIFE programme has funded over 400 local workshops and 129 experimental projects arising from them in water and sanitation, waste management, income generation, environmental health and education, and gender equity. Under a new proposal, country-based "Trust Funds" have been suggested as a way of institutionalizing the lessons learned and approaches developed on a small scale by the programme. These funds would channel larger amounts of resources to innovations in urban governance, with decisions on priorities being made jointly by representatives from government, civil society and the private sector.

* The **Best Practices and Local Leadership Programme** (BLP) was launched by UNCHS in 1996 immediately after the Habitat II Conference. The primary objective of the BLP is to promote and facilitate the sharing, exchange and transfer of knowledge, expertise and experience derived from successful initiatives in improving people's living conditions on a sustainable basis. The BLP is a partnership programme including, to date, fifteen capacity-building institutions, professional and civic organizations which continuously apply lessons learned from good and best practices through ongoing training, educational, policy and leadership development activities. The Best Practices database containing over 350 examples of success stories in housing, urban development, poverty eradication, gender and social inclusion, environmental management is available on the Internet, CD-ROM and computer diskettes.

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<tr>
<th>Region</th>
<th>Floor area per person (sq meters)</th>
<th>Dwellings with water to plot (%)</th>
<th>Rent as % of income</th>
<th>Illegal housing stock (%)</th>
<th>House price to annual income ratio</th>
<th>Dwellings owned by occupants (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-income countries</td>
<td>6.1</td>
<td>64</td>
<td>4.8</td>
<td>15</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Low-middle income countries</td>
<td>15.1</td>
<td>74</td>
<td>4.2</td>
<td>16</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>Mid-income countries</td>
<td>22.0</td>
<td>94</td>
<td>5.0</td>
<td>21</td>
<td>59</td>
<td>59</td>
</tr>
<tr>
<td>Middle-high income countries</td>
<td>22.0</td>
<td>99</td>
<td>4.1</td>
<td>11</td>
<td>55</td>
<td>55</td>
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<tr>
<td>High income countries</td>
<td>35.0</td>
<td>100</td>
<td>4.4</td>
<td>15</td>
<td>51</td>
<td>51</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase and Approximate Dates</th>
<th>Focus of Attention</th>
<th>Major Instruments Used</th>
<th>Key Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernization and urban growth: 1960s-early 1970s</td>
<td>Physical planning and production of shelter by public agencies</td>
<td>Blueprint planning: direct construction (apartment blocks, core houses); eradication of informal settlements</td>
<td></td>
</tr>
<tr>
<td>Redistribution with Growth/Basic Needs: mid 1970s-mid 1980s</td>
<td>State support to self-help ownership on a project-by-project basis</td>
<td>Recognition of informal sector; squatter upgrading and sites-and-services; subsidies to land and housing;</td>
<td>Vancouver Declaration (Habitat I. 1976); Shelter, Poverty and Basic Needs (World Bank, 1980); World Bank evaluations of sites-and-services (1981-83); UNICEF Urban Basic Services</td>
</tr>
<tr>
<td>Sustainable Urban Development mid 1990s onwards</td>
<td>Holistic planning to balance efficiency, equity and sustainability</td>
<td>As above, with more emphasis on environmental management and poverty-alleviation</td>
<td>Sustainable Human Settlements Development: Implementing Agenda 21 (UNCHS, 1994)</td>
</tr>
</tbody>
</table>

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Foreword

Adequate shelter for all has been articulated as one of two main themes at the Second United Nations Conference on Human Settlements - Habitat II - which took place in Istanbul, Turkey, in June 1996. The vision of Habitat II in this regard requires an effective policy framework if it is to be operationalized. Yet the traditional definition of "policy" - a list of standard prescriptions which "should be implemented by governments" - seems ill-suited to the diverse realities of cities around the world where nearly all housing is produced by private and community action. Policy without the resources and capacities to implement it, and the political pressure required to force through difficult decisions, is destined to fail. This publication offers a new approach to housing policy as a set of "minimum standards" - a small core of policy guidelines which leaves maximum room for manoeuvre at the level of detail, while ensuring that key bottlenecks are addressed, and basic needs protected. This approach is better-suited to the complexity and dynamism of housing processes, and more easily managed within the framework of poorly-funded city administrations.

As elaborated in the Global Strategy for Shelter to the Year 2000 and in many UNCHS (Habitat) publications produced as a series over the past years (such as the "Evaluation of Experience with Initiating Enabling Shelter Strategies", "Public/Private Partnerships in Enabling Shelter Strategies", the theme papers presented to the 15th and 16th sessions of the Commission on Human Settlements, namely "Review of National Action to Provide Housing for All since Habitat: United Nations Conference on Human Settlements, 1976" and, "Contribution of the Private and Non-governmental Sectors to Shelter Delivery for Low-income Groups") and most importantly, as was reaffirmed by the Habitat Agenda (1997b, para 58), there is no panacea for housing policy formulation, nor can there be a universal housing policy that UNCHS (Habitat) can recommend for adoption at the national level. UNCHS (Habitat) is therefore developing a general framework to guide the formulation of housing policy at the national level that will best fit local/national needs and conditions. This publication will assist policy makers in this respect by providing extensive information on policy options in the housing field particularly on their relationships with other economic and social policies, and on lessons learnt from their implementation.

In the relevant literature, and in daily life, "shelter" is used as a generic terminology for housing and related services and infrastructure. In this publication, the terminology "housing" is used to intensify focus on policies related to action oriented aspects of the topic which cover, among others, housing production, housing markets, housing finance, housing rights, etc. Parallel to the elaboration on the terminology "adequate shelter" in the Habitat Agenda (1997b, para 60), "housing" is defined in this publication in a comprehensive context as "physical shelter plus related services and infrastructure, including the inputs (land, finance, etc.) required to produce and maintain it".

The publication concludes that three sets of measures are already accepted as part of this central core of policy options: first, a strong "enabling" state combined with properly-functioning markets and independent civic organizations, working within a framework of representative governance, clear accountability, and a culture of learning; second, a focus on key supply-side measures to bring large amounts of land and finance onto the market, applied consistently over the long term, and overseen by
government to achieve coherence in the expansion of the city and its infrastructure without undue externalities; and third, making maximum use of the linkages which exist between housing and wider economic, social and environmental goals, especially the potential of shelter investments to contribute to poverty-reduction through labour-intensive construction and support to small-scale and community-based production.

However, there are three other areas where opinion is still divided: first, how to help people living in poverty to reap more of the benefits of the housing process; second, where the balance should be between market liberalization, government intervention, and social mechanisms in the housing process; and third, how to turn small-scale experiments and successful innovations into sustainable, large-scale solutions. In these areas, policy-makers face both intellectual challenges and practical dilemmas in closing the gap between policy and implementation. There is unlikely to be one single answer to these dilemmas, but the international community can and should play a greater role in helping others to find answers of their own.

The "Istanbul Declaration on Human Settlements" asserts that the Habitat II Conference marked a new era of cooperation, an era of partnership and solidarity. The governments and all parties involved in the Habitat II process committed themselves to the challenge of "building together a world where everyone can live in a safe home with the promise of a decent life of dignity, good health, safety, happiness and hope". It is now for us to act together, to make this vision a reality.

I gratefully acknowledge the contributions of Dr. Michael Edwards in preparing the background report on which this publication is largely based; and of the UNCHS (Habitat) officials including Mathias Hundsalz, Sylvie Lacroux and Selman Erguden for their valuable inputs to the preparation of the final publication.

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Acting Executive Director
United Nations Centre for Human Settlements (Habitat)
Chapter I. Introduction: the rationale for policy

a. The challenge and opportunity of urbanization

We live in an urbanizing world. Though rates of urban growth and conditions inside cities vary enormously, the proportion of the global population who live in urban areas continues on the rise everywhere. According to current projections, by the turn of the century more than three billion people - one half of the world's population - will live and work in towns and cities. Contrary to much past thinking, urbanization is neither "uncontrolled" nor is it characterized by "exploding megacities": rates of urbanization and urban growth are closely tied to predictable patterns of economic development and industrialization, giving rise to inter-locking systems of small and larger cities rather than the oft-projected domination of giants like Calcutta and Mexico City (UNCHS 1996b). Even "urban bias" is being re-assessed in the light of what we now know about the positive value and developmental potential of cities and the resources they contain.

Yet Habitat II, the Second United Nations Conference on Human Settlements, was right to point to the serious problems facing cities the world over, especially those growing fastest in Sub-Saharan Africa and South Asia. Increasing homelessness and the expansion of sub-standard housing, inadequate employment opportunities and infrastructure, increasing poverty and a widening gap between rich and poor, and urban pollution, challenge policy-makers in all countries to do more and do better in harnessing the advantages of urban living to the benefit of all urban citizens. Although generalizing about shelter conditions is dangerous, there are few cities in which the housing horizons of the urban poor have improved over the last twenty years. Half of the world's urban population still live in slums of some kind, one hundred million are utterly homeless, and between thirty and fifty per cent of city-dwellers in developing countries lack access to basic drinking water and sanitation facilities (UNCHS 1995, pp6; Devas and Rakodi 1993, pp11). Faced by statistics of this kind, drastic improvements in urban housing remain a clear imperative. The question is, what is to be done?

(see box 1)

In the aftermath of Habitat II, the natural question is "what next?" How to turn words into action, rhetoric into reality, and good intentions into practical possibilities? At least part of the answer lies in good policy - getting the overall framework right so that principles and objectives can be matched with resources and strategies in each particular context. This report provides an overview of policy options for "shelter for all", building on the Habitat Agenda and reflecting the experience of what has gone before. But policy must be more than a list of standard prescriptions, for reasons which are outlined below. What is needed is a set of general guidelines that can be adapted and refined according to context and circumstance, constantly changing and updating itself as a result of learning and experience. Consensus around an agreed "core" of policy recommendations must also preserve as much "room for manoeuvre" as possible around the outside, so that priorities and implementation arrangements can be fitted to local realities.

Seen in this sense, good policy can "make a difference", as the example of Belo Horizonte given in box 3 shows. Other examples of successful cities are well known - Curitiba in Brazil, Guanajuato in
Mexico and many more - but all cities have examples of good practice within them and valuable lessons to be shared with others. Good policy has been critical to these experiences, but so have politics and economics, management and exceptional individuals. It is the combination of these things that makes for success - that enables some cities or areas within them to make more of the advantages of urban life and work, for more of their residents, at less cost to others or to the environment around them. This is no mere technical challenge, but a struggle to secure fundamental human rights - the right to adequate housing as enshrined in successive United Nations declarations.

It is very important in this context that the Habitat II Conference reconfirmed the legal status of the human right to adequate housing as set forth in the relevant international instruments and stressed that this right should be progressively but fully realized. The Conference also clarified and reconfirmed that the obligations of governments in this process is to enable people to obtain shelter and to protect and improve dwellings and neighbourhoods. Combatting homelessness, preventing discrimination in housing, promoting security of tenure, preventing illegal evictions and promoting access to information, land, services and finance for affordable housing are highlighted in the Habitat Agenda as fundamental elements in realizing the human right to adequate housing. The Habitat Agenda emphasizes the important role of non-governmental organizations and community-based organizations in this process. "Human rights" issues are indeed thoroughly addressed in the Habitat Agenda and 30 out of the total 241 paragraphs of the text refer to these topics. Salient excerpts from paragraphs related to housing rights in the Habitat Agenda are presented in box 2. Nevertheless, the human rights dimension does give debates over housing an urgency and moral imperative which must not be lost sight of in the details of discussions about policy. It is often the determination to realize a moral and political vision that breaks down barriers to action and change; without such a vision, policy has little chance of success.
Chapter I. Introduction: the rationale for policy

b. Is policy enough?

There have been numerous policy papers on housing and other aspects of urban shelter over the past thirty years. However, the record of most of these documents in producing real change on the ground has been disappointing. Partly as a result of these disappointments our understanding of policy and its place in generating results has improved in important ways. Nearly all institutions - public and private, national and international - have moved away from standard prescriptions and rigid blueprints, towards iterative modes of planning in which recommendations are tailored according to time and place, and modified continuously as a result of learning from experience. Few policy-makers now share the underlying belief in the power of planned interventions that was commonplace only a generation ago. The increasing limits to government authority have been thrown into sharper relief by the processes of globalization and the increasing power of market forces, private capital, and civil society groups of different kinds. More and more, it is these groups - in partnership with governments but not controlled by them - which are shaping cities and remoulding their economic, social, cultural and political forces. The need always to recognize, understand and adapt to local realities is especially important in cities because there is so much diversity and dynamism from one to another, and even within neighbourhoods in the same city. Housing needs and individual preferences change according to incomes, family characteristics, gender and age, location, form and tenure, and (as Section II shows) housing conditions also vary significantly between and within cities. There is no generalized deterioration for all "low-income" groups at all times. In many cities competent and efficient public or private agencies co-exist side-by-side with inefficient ones. Each intervention in land or housing markets produces new (and often unforeseen) challenges and opportunities, giving rise to an increasingly complex web of interactions which presents decision-makers with a hugely-challenging context in which policy has to be made and applied.

Against this background, the job of the policy-maker is not to issue pronouncements from afar, for they will simply be ignored by forces closer to the ground or outpaced by the rapidity of change in the city. Instead, it is to provide a framework for continuous decision-making which is able to do two things: first, maximize the options available to all groups in the city so that they can make the housing choices that are appropriate to them; second, do this while preserving as much overall coherence as possible - so that the exercise of choice does not exclude the urban poor or those who are especially disadvantaged by reason of gender, disability, and other social characteristics; does not lead to disbenefits for one group over another (as when squatters are evicted when land is re-developed commercially); and avoids or mitigates undue costs to the city as a whole (for example, spiralling transport and infrastructure costs as a result of unplanned expansion). Achieving this objective is not possible through policy alone; three other areas for action are vital.

- **Policy or economics?** The first of these areas is the need to generate adequate resources for investment in housing, without which policy cannot be effectively implemented. This means getting the general macroeconomic framework right so that incentives to private housing investment are sufficient and more tax revenue can be mobilized, and increasing the budgetary resources available to local authorities so that more public investment is directed toward housing and related areas. Agenda 21 estimated that $180 to $200 billion would be needed to meet the
basic urban infrastructure requirements even of new urban residents between 1990 and the year 2000. These sums are difficult to find anywhere in the short term, even in cities in rich countries where $2,000 or more per year is spent on services and infrastructure per capita; contrast this figure with the $14 available to policy-makers in Mumbai (Bombay) and $3 in Lagos (UNCHS 1997c, pp33-35). By far the greater part of housing resources come from the private sector, particularly from low-income households themselves. But experience from cities around the world demonstrates conclusively that improved planning and more democratic decision-making make little difference unless the underlying economic environment is improving - the recent case of South African townships provides one example, where physical improvements still lag behind innovations in policy (Abbott 1996). Solid economic growth is necessary for groups (whether private or public) to pay for better housing, services, infrastructure, environmental protection and so on, as in the case of Brazil, where the economic stabilization initiatives of the last three years have brought inflation down to single figures, raised employment and real incomes, and injected an estimated $14.7 billion into the economy (The Guardian 3/4/97). A large proportion of this investment is made up by housing, with the cement industry growing by 54 per cent per annum fuelled by a boom in self-build and incremental improvement among lower-income groups. "Before, inflation killed off all our dreams", as one resident put it. It kills policy too.

- **Policy or politics?** Policy-making is usually conceived of as a neutral process which has to be protected from political influence, at least of a factional or self-interested kind. In reality, it is anything but neutral, because decision-making and resource-allocation always involve choices in favour of particular groups and priorities. Indeed, without coalitions of interest groups who are prepared to push through difficult reforms it is unlikely that pro-poor housing policies would ever be implemented, such are the vested interests working against them. The example of Belo Horizonte given in box 3 shows why the political process is crucial to housing improvement - without greater popular involvement in debate and decision-making, more transparency and accountability on the part of the municipal government, and strong political leadership to make these things stick, investment would not be directed to the "favelas" and conditions there would not be improving, at least to the same extent. Providing secure tenure and basic infrastructure to those living in illegal settlements (one of the most effective elements of good housing policy), and the choice of settlements that get priority, will be influenced by the extent to which people are organized politically (UNCHS 1996b, pp248). It is in this sense that broad reforms in governance - democratization suitably adapted to the local context - are an essential foundation for the success of progressive housing policies. Without economic growth there will be insufficient resources to invest or re-distribute; but without political will and broader participation in decision-making there will be no pressure to invest increasing resources in the right areas. Choices are not determined solely by economics: instead of asking what poor people "need", the question should be "what decision-making powers, access to resources, and political influence should they have to ensure that their needs are met, rights respected, and priorities addressed" (Mitlin and Satterthwaite, 1996, pp55). These are clear political questions. Increasing the direct voice of the urban poor in City Hall; fostering a climate that is favourable to NGOs and other civil society groups; and making all local authorities publicly-accountable for their performance, are key ingredients of a successful urban future. Without them, policy will fail.

- **Policy or capacity?** There is no shortage of policy papers on housing, and successive evaluations of housing policy commissioned by UNCHS (Habitat) and others all reach the same conclusion: policy has improved over time, but these improvements are implemented only in parts. In Bolivia, for example, none of the three national housing plans developed over the last ten years has led to much improvement in actual housing conditions (Richmond, 1994), and at global level the most comprehensive evaluations of National Shelter Strategies to date found
overwhelming evidence of the same problem (UNCHS 1990c; 1994c; 1995). Some of the reasons for this "policy-implementation gap" lie in the factors noted above - shortages of resources and the weakness of pro-poor politics, but equally important are shortcomings in the capacity of urban institutions to consult, plan, implement, manage, monitor and evaluate in key policy areas. What one author calls "appreciative enquiry" - the capacity to develop and achieve consensus on a clear vision for the future, and the skills to match it with innovative solutions - are more important than simple "problem solving" (Badshah, 1996). "It is not specific practices which should be transferred but the capacity to identify and analyze problems and practices in any particular case and to build solutions on what exists, and what works" (Batley, 1992, pp61). This applies as much to private institutions involved in housing improvement (such as intermediary NGOs) as to municipal authorities, but given the key role of public institutions in city management it is they who are the focus of most capacity-building initiatives. Clearly, there is little point in developing sophisticated policy instruments which cannot be implemented because the human and organizational capacities required to do so are absent. David Korten (1996, pp36) goes so far as to say that "the major barriers to providing healthy and sustainable living spaces to a growing world population are institutional rather than financial." While finances are important too, the vital importance of effective institutions cannot be doubted. And effective institutions are made by effective people, good systems, and the vision and leadership to connect the two together. Policy is only one small component of this picture.

Given the importance of resources, politics and capacities, the question arises: what exactly is "housing" policy? To have a real impact on housing, policy must take account of, respond to, and be integrated with, action in these broader areas, something which is taken up in Sections Two and Three of the report. But if the focus is too broad then there is a danger that practical improvements that are specific to housing might be marginalized or forgotten. The emphasis in this report is specifically on housing and how housing policy connects with issues of economics, governance and management, but it is not a report about these broader themes themselves. It assumes that there is already a broad consensus on these major areas of policy: a strong enabling state combined with properly-functioning markets and a vigorous civil society are the basic ingredients that are required, mixed together in different proportions under a system of representative governance which promotes the necessary dialogue and accountability (UNCHS 1996a).
Chapter II. An overview of the housing sector

a. Housing and development

As the 1996 Global Report on Human Settlements points out, "the central importance of housing to everyone's quality of life and health is often forgotten" (UNCHS 1996b, pp195). Housing is treated by many policy-makers simply as another commodity to be provided by the market, but this misses the point - although it certainly is a valuable economic asset, housing has much wider economic, social, cultural and personal significance. Decent housing contributes much to personal health and well-being, confidence and security; the ways in which housing is produced and exchanged have an impact over development goals such as equity and poverty-eradication; house construction and location can influence environmental sustainability and the mitigation of natural disasters; and the design of dwellings both reflects and protects something important about culture and religious beliefs. In all these areas, housing stands in reciprocal relationship with wider issues - both influencing and being influenced by the pursuit of economic growth, sustainable development and human security. Policy toward housing can only be effective when it is integrated into a wider development policy framework which can ensure coherence between different levels, sectors and instruments. Because housing represents such an important part of urban development, and because cities are such an important component of global production and consumption, policy towards housing will have important effects on the success of sustainable development goals overall.

In economic terms, it has long-been recognized that housing conditions and policy options are intimately linked to what is happening at the macro-economic level. Economies that are not growing are unlikely to be able to support effective policy measures on either the supply or the demand side; highly-indebted countries with little foreign exchange to spare find it difficult to import construction materials (UNCHS 1996b, pp7); poorly-planned economic adjustment programmes hit cities particularly hard because of their impact on urban jobs and wages, food prices, and housing costs (Cohen, 1990); government policy towards subsidies, interest rates and savings, and the financial sector generally helps to determine the availability and direction of housing finance; and (as in the example of Brazil given above), high rates of inflation pose a barrier to any process of housing investment.

Until recently, there has been less discussion of the reverse set of relationships - the ways in which success in housing can make a significant contribution to macroeconomic objectives. Habitat II Conference marked a decisive break with the past in re-emphasizing the productive potential of cities and the dynamism of the construction sector (often dominated by small-scale production) as a motor of growth within them. Because the share of household income spent on housing increases as incomes rise, housing both benefits from economic growth and helps to underpin continued rises in GNP. And because housing is a prime productive asset and store of wealth it can make a real contribution to jobs and incomes, if encouraged to do so by the policy framework (UNCHS-ILO, 1995). For example, a key factor in the success of the "Kampung Improvement Programme" in urban Indonesia was official recognition and support to the economic potential and productivity of squatter upgrading, both in the form of direct construction and by encouraging dwellings to be used for small-scale industry and rental income (Silas, 1994).
In social terms, the relationship between poverty, inequality and substandard housing conditions is well-documented (UNCHS 1996b). Other social differences - especially gender, age and disability - are also connected to issues of housing policy, especially access to housing inputs, the nature and distribution of property rights, and the design and location of dwellings and infrastructure. These links are analyzed later in the report. Again, the relationships are reciprocal: inadequate housing and unequal access to housing inputs re-reinforce discrimination based on social characteristics, but getting social policy right contributes to the ability of disadvantaged groups to play a full part in housing production and to ensure that housing meets their distinctive needs. Substandard housing is one factor in producing crime, violence, insecurity and alienation in cities; just as social breakdown is likely to make housing delivery systems less efficient in serving the most vulnerable. The rise of criminal intermediaries in informal land markets in cities such as Mexico City is one example (see Section IV). So the definition of "adequate" housing is not something that can be imposed at global level; as the Habitat Agenda (UNCHS 1997b, para 58) concludes, "adequacy must be determined together with the people concerned."
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b. Housing and poverty

Poverty cannot be eradicated by the implementation of appropriate housing policy alone, but housing and poverty are related. Inadequate housing is one of the factors that makes an individual more vulnerable to poverty and ill-health, and impoverishment usually dictates a trading down in the housing market (along with other coping strategies). Conversely, inadequate housing cannot be solved through economic growth alone - what matters is the distribution of the benefits of growth among different social groups, sectors of the economy, and between production, consumption, and welfare or social investment. It is here that good policy can make a difference. The right measures can lead to improved housing conditions for even the poorest groups, and even help to lift them out of poverty in the process.

There is clear evidence that, at the aggregate level, both relative and absolute poverty have increased over the last thirty years in the large cities of developing countries. Women predominate among those living in poverty on three counts: first, due to their location in the labour market which is usually in the worst paid and most insecure jobs; second, due to the fact that women generally do not command equal resources or assets at the societal level; and third, due to inequality in resource distribution and decision-making power within the household. Women headed households suffer the most from poverty all around the world (UNCHS, 1996c, pp18-19). One author estimates that the proportion of people living below the poverty line in cities increased by 73 per cent for developing countries as a whole between 1970 and 1985 (Gilbert, 1992, pp437), with at least 600 million people living in "life- and health-threatening homes" by 1995 (UNCHS 1996b, pp114). This represents approximately one-half of the world's poor (UNICEF 1993, pp6). Because housing markets are inefficient and investment in housing is considered a low priority by most governments, the proportion of residents living in inadequate housing is usually higher than that below the poverty line (UNCHS 1996b, pp1xviii). Such aggregate figures are difficult to generalize from, because they hide so many differences at the level of detail and measure poverty only at particular points in time. Nevertheless, the cumulative impact of economic stagnation in Africa and Latin America during the 1980s, high levels of indebtedness, and economic adjustment programmes which depressed urban wages and increased the costs of basic inputs, did produce unprecedented increases in poverty levels which posed an added challenge to already hard-pressed policy-makers.

Looking at urban poverty through the lens of housing policy provides a more optimistic scenario, since there are many things that can be done to influence both housing and poverty at the same time, by making the two sets of instruments mutually-supportive. The key is to recognize housing as a productive asset which can cushion households from economic shocks. For example, a flexible regulatory framework in land and housing markets (such as in Guayaquil) helps the poor to expand, sub-let or sell off all or part of their dwellings in line with changes in their economic and social circumstances; whereas rigid markets (such as in Lusaka) encourage the emergence of higher-cost rental housing (Moser 1996). Shelter upgrading (as in the "Kampung Improvement Programme" cited earlier) provides excellent opportunities for labour-intensive growth via official encouragement to small-scale entrepreneurs in the construction sector, the use of dwellings for small businesses, and public investment in infrastructure. Research has shown that labour-intensive public works can compete with more capital-intensive
approaches on cost and quality, though not in terms of completion time (UNCHS 1994a) (UNCHS-ILO, 1995, pp149-164). More broadly, it is important that policy-makers find ways of ensuring that poor people are able to capture, hold on to, and re-invest more of the economic surplus that derives from the normal process of urban development - the rising land and property values that accompany upgrading, consolidation and commercialization. Otherwise the poor will always be vulnerable to pressures to sell cheaply, thereby failing to take advantage of the economic potential their housing represents.
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c. Housing quantity and quality: overview of trends

Although trends in urban poverty over the last thirty years are fairly clear at the aggregate level, actual housing conditions on the ground are much more variable - there is no simple correlation between rising poverty and declining housing standards, nor between high rates of economic growth and housing improvements across the board; a major explanation for these discrepancies lies in the success or otherwise of housing policy, but the indicators used, and differences between economic and social groups within cities, are also important. Problems with the quality and availability of data also make accurate comparisons difficult. Looking first at affordability, it is true that land and house prices, rents, and construction costs have risen more rapidly than real incomes at the aggregate level in some cities, thus reducing the housing options of most low-income families. Karachi, Mumbai (Bombay), Lagos, Colombo, Seoul and Bangkok fit into this category (UNCHS 1996b, pp201-2; UNCHS 1994c, pp11; Woo-Jin 1994). Construction costs are particularly high relative to per capita income in Sub-Saharan Africa. Data from the Housing Indicators Programme show that the "land development and conversion multipliers" (which reflect the cost of purchasing serviced lots or developing land for residential use) are often higher in cities of low-income countries, but there are enormous variations from one city to another and such data are more relevant for buyers in the formal land and housing markets than to the poor (UNCHS 1996b, pp248-9). However, in other cities the trend is reversed. For example, in Lilongwe, Abidjan and Quito, housing is cheap relative to incomes (UNCHS 1996b, pp200-1). Even highly-constrained housing markets such as Nairobi and Mexico City have witnessed declining real rent levels and land prices in informal settlements, and residential densities which have remained stable over time (Arnis 1994; Jones and Ward 1994). The success of the "Kampung Improvement Programme" in urban Indonesia has led to a gradual improvement there in both reduction of residential densities and increase in dwelling size (Silas 1994).

When the focus turns to homelessness and the housing conditions of the poorest, the picture is somewhat clearer. Homelessness is definitely increasing in the cities of both North and South - to at least 100 million people worldwide in 1995 (UNCHS 1996b, ppXXIX). Between thirty per cent and sixty per cent of dwellings in most cities in the South are "illegal" (in that they contravene ownership laws or planning regulations), lacking most or all basic services, infrastructure and security of tenure (UNCHS 1996b, pp199). In general, the proportion the urban population living in illegal settlements declines as per capita income increases (see table 1). All-told, this amounts to between two and three billion people living in shelter defined as "inadequate" (UNCHS 1995, pp6). In a recent survey of 58 developing countries, 26 had suffered a decline between 1970 and 1980 in the proportion of their urban population served by clean drinking water (Devas and Rakodi, 1993, pp11), but recent trends do not fit this pattern and even here diversity is the rule. Access to water and sanitation in Abidjan, Bogota, Dar-es-Salaam, Harare, Amman and many Brazilian cities has increased substantially in the last ten years - from 32 per cent to 98 per cent in the "favelas" of Sao Paulo, for example (Pugh, 1996, pp122). Whereas only 38 per cent of dwellings in Lilongwe have piped water connections, 86 per cent in Beijing have them already (though this says nothing about water quality; UNCHS 1996b, pp267). Official statistics for 1991 suggest that at least one-third of the urban population in developing countries had no hygienic means of
disposing of excreta; in Dar-es-Salaam, for example, 66 per cent of all solid waste goes uncollected, a figure which rises to 90 per cent for Kinshasa (UNCHS 1996b, pp268 and 270). But solid waste collection in other cities such as Bogota, Karachi and Tehran is reasonable.

Are any generalizations possible from such a diverse set of experiences? Three suggest themselves:

- for the urban poorest, it is difficult to find convincing evidence that housing options overall have improved over the last ten years;

- in general, housing conditions do vary according to per capita incomes and growth rates; significant shelter improvements are unlikely in failing economies.

- good policy does make a difference - the success of cities like Sao Paulo in water and sanitation shows that significant improvements are attainable.
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d. Housing markets: theory and reality

It is now widely accepted that, as the Habitat Agenda puts it, "markets are the primary housing delivery mechanism" which must be enabled to perform with both "efficiency" and with due regard for "social goals" (UNCHS 1997b, para 61). As Section IV of this report makes clear, these dual objectives are more difficult to achieve in practice than in theory, but the superiority of markets over public provision in delivering a wide range of housing types, tenures and prices is not at issue. Although it is true that different tenures of housing have different costs and benefits - ownership being more costly than renting or sharing, but also more secure and effective as an economic asset - the goal of any housing policy should be to offer people as many options as possible to comply with their specific needs and conditions rather than favouring one tenure over another. Families and individuals can then match their characteristics and priorities to the type, tenure, location and price of housing that suits them best. In reality, markets do not do this, for reasons which are explained below. But this is a case for attacking market failures as well as experimenting with alternative delivery systems.

Land and housing markets are always more complex, varied and dynamic than they appear to be at first sight, especially the informal, illegal or semi-legal markets that serve the poor. Good policy has to start by recognizing these complexities. Of course, like any market the principles of supply and demand do apply (box 4), and as a generalization it is safe to say that housing policy should simultaneously attack supply constraints (by getting more land, cheap credit and materials onto the market), increase effective demand (by granting secure claims and boosting employment and income-earning opportunities), and ensure that the interaction of supply with demand does not disadvantage particular groups nor result in undue costs at the level of the city as a whole. Normally, there is much more scope for supply-side measures than demand-side measures, at least in the short term (see Section IV). Typically, a wide range of housing submarkets result from these interactions to serve particular groups within the urban poor - rental and owner-occupiers (of different types), inner-city tenements and illegal subdivisions on the urban periphery (with widely-varying forms of legality and tenure), squatters and sharers, public housing projects and commercially-produced units for the better-off. Each city has its unique mixture of these submarkets - often ten or more for sharing and renting and the same again for different forms of ownership (UNCHS 1996b, pp 209-25). The poorest families, and the worst conditions, tend to be found in rental shanty towns and squatter settlements, but contrary to popular perception most informal markets do supply housing that is both affordable and "adequate", if not in the formal sense of the term then at least in a form that does not threaten the physical survival of their inhabitants nor the interests of landowners and local authorities. That means that eradication makes no sense as a policy option unless people can be guaranteed a better set of alternatives.

Part of the reason why low-income housing markets are more complex and less predictable is that they serve interests which are not solely economic: land and housing have political as well as economic and even social and cultural significance, and are used for speculation as much as for exchange. Politicians and commercial developers, landowners and community organizations, landlords and other intermediaries, are all involved in complex and ever-changing sets of negotiations over who benefits from housing markets. Real markets are permeated by power relations of various kinds - class, gender, culture...
and politics - which are exacerbated by the potential land and housing have for patronage and short-term gain. The rise of intermediaries who act as gatekeepers in informal land markets has been well-documented in Mexico City and elsewhere (Jones and Ward 1994; UNCHS 1994b). Weak property-registration and information systems, inefficient regulations, and a failure to tax land left idle make markets work even less well. Over time, these factors tend to work more and more against the interests of the poor, as commercialization, manipulation by vested interests, and policy failures combine to reduce their housing options. Pressure on low-income households to sell out because of the need to generate income or fear of reprisals (since they are selling property they may not own legally) closes off access even in informal markets (Thirkell, 1996). Poor people may be forced to live on smaller and less well-serviced areas of the city, as in Nairobi or Dhaka, where 2.8 million people live on just seven square kilometres of land (UNCHS 1996b, p 244). Where economic and political power are so unequally-distributed, such problems are inevitable, but they do cast doubt on housing policies which focus only on "market empowerment." As many authors have pointed out, more emphasis on allocation using the price mechanism where markets are imperfect and incomes unequal is unlikely to benefit the poor. In that situation much more deliberate action is required. This is a key theme in the rest of the report.
Chapter II. An overview of the housing sector

e. Housing: roles and responsibilities

Who should do what in housing? At the level of general development policy there is a consensus on this question: a properly-functioning market economy, underpinned by a dense network of civic associations and overseen by strong but accountable government, is the best framework for economic growth and social development, though there is no universal model of how these things fit together on the ground. Translated into housing policy, that means private (including small-scale) production, facilitation and organization by NGOs and community groups for social goals, and an enabling legal and regulatory framework (including direct intervention in markets where necessary) enforced by the state (UNCHS 1996a). The 1996 Global Report on Human Settlements (pp309) is more specific: the "private sector" should raise finance, market dwellings, deal with contractors and generate jobs; while the "public sector" should stick to land assembly, co-ordination of infrastructural development, and speedy planning approval mechanisms. But this still leaves plenty of room for difference and diversity at the level of detail, and these details are important. A policy focus on small-scale and community production of housing yields very different benefits to one which encourages commercial developers; a government which "enables" vested interests but does not intervene to protect the poor will do little to improve their housing options; and a policy which aims to transform markets is very different to one that simply integrates more people into market mechanisms. The role of government is particularly important here because, while informal and illegal housing provides some sort of solution to poor people, it also imposes costs on other urban residents and on the city as a whole, in the form, for example, of environmental problems or land development which may be disfunctional in terms of transport costs and efficient infrastructural expansion (Ferguson, 1996).
Chapter II. An overview of the housing sector
f. Policy summary

- housing is central to human well-being and fulfillment. Improving housing is therefore a central priority, not an optional extra. Housing is an important asset in both economic and social terms; housing policy must make more use of this fact.

- housing, development and poverty-eradication are linked with each-other in reciprocal fashion: policy-makers must recognize and build on these links, and find better ways to re-direct more of the benefits of the housing process to poor people. This is likely to involve direct intervention in markets, especially on the supply side.

- all housing policies must be based on an accurate and dynamic understanding of local realities, especially the complex ways in which real markets work, and how economic and political interests interact in cities. Good policy can make a difference, but only when it is tailored to the local context.

- although markets, states and people all have a role to play in housing, these roles are neither static nor universally-generalizable at any level of detail. The way forward may lie in new combinations of actors and roles which achieve a better synthesis between market efficiency, social equity, and environmental sustainability. Policy must be imaginative and experimental.
Shelter for All: The Potential of Housing Policy in the Implementation of the Habitat Agenda

Chapter III. Housing policies at macro-level: history and evolution

a. A short history of housing policy

Over the last twenty years, our whole framework for thinking about development and policy has changed in important ways. Centralized planning, top-down blueprints, and emphasis on "filling deficits" in capital, skills and technology have given way to market and people-based solutions, process approaches, and an emphasis on building capacities and institutions to manage change. Housing policy has been very much influenced by these shifts, and in important ways has also contributed to a better understanding of what is possible through policy and what is not. Table 2 provides a sketch of housing policy developments since the 1960s, showing how an early focus on physical planning and public housing gave way, first to "self-help" housing projects (which mostly served middle income households and proved to be an unsustainable option to address the needs of the poor due to the high subsidies involved), and then to the "enabling approach" which concentrated on maximizing the contributions of all the actors in housing production within a supportive legal and regulatory framework. This approach, and the other policy measures which accompany it (such as partnership and decentralization), are analyzed in more detail below. Of course, in reality the evolution of policy is never so neat nor linear as this, and there are always examples of agencies or governments which seek to return to ways of doing things which have long-been discredited. This is particularly the case where there is political pressure to demonstrate quick results through, for example, large-scale evictions of squatters or construction of public or subsidized private housing. The "Botshabelo Accord" of 1994 in South Africa which sought support for the construction of one million housing units each year through the commercial private sector is a good example - due to lack of resources and neglect in policy to utilize rental housing options which could mobilize private capital, a mere ten per cent were actually built and none went to the poor (Bolnick, 1996).

Despite these occasional reverses, there is general agreement today on the enabling approach to housing policy, though differences continue to surface between those who place more faith in markets to deliver both efficiency and equity goals, and those who emphasize "sustainable human development" as a framework within which markets must be carefully managed - what UNICEF (1993) calls "urban development with a human face." Both schools-of-thought concur on the central importance of capacity-building for improved urban management, institutional reform (especially in the public sector), and "local ownership" over policy decisions. Both also award a key role to NGOs and other civil society groups in the housing process (both as service-providers and in other roles such as community organization and advocacy); and both place gender equity and other issues-of-difference at the centre of policy choices. There is, then, a firm consensus on the key issues in housing and the core options for housing policy.

However, the differences that do remain are important ones, because they go the heart of the most difficult areas of housing policy and show that we do not yet have "all the answers" to the problems of homelessness and inadequate housing conditions, even in theory. In addition to the policy-implementation gap identified earlier in the report, there are genuine intellectual challenges to policy-makers which have yet to be resolved. The most important of these is how to balance market incentives and private initiative (which are essential to efficient housing delivery), with social and environmental goals and collective action (which are central to equity and sustainability).
Chapter III. Housing policies at macro-level: history and evolution
b. Holistic policy-making

The first of the major changes to reach full fruition in the Habitat Agenda takes us back to the earlier discussion of housing and development, and the need to integrate housing policy instruments into the wider macroeconomic, social and environmental policy framework. This may seem a daunting task to overstretched planners working in a weak and fragmented public administration, but the examples of successful cities like Curitiba show that a relatively simple step like serviced land provision along public transport corridors can have a profound impact on housing development and the "liveability" of the city as a whole (UNCHS 1995). Large-scale bureaucracy is not necessary to make use of the synergies which exist between housing and other goals; imagination, commitment and leadership are. Most important of all is an integrated vision which sees adequate housing both as a goal in itself and as a contributor to economic growth and social development. The general case for placing cities at the heart of national economic strategy has been well made in successive housing policy documents from international agencies (Cohen 1990). Good housing improves productivity; proper infrastructure and transport links attract more investment; and labour-intensive construction stimulates demand and deepens local markets. Conversely, imprudent economic policy harms the housing process - as when high inflation retards the development of housing finance or investment by small producers. In these and other ways, housing policy can play an important role in poverty-reducing growth strategies.

But of course, integrating housing into macroeconomic calculations is only one part of the task: equally important is realizing the potential of housing as a lever for change in social policy, culture and environmental management. These areas have grown in importance over the last ten years as policy-makers have recognized the true meaning of housing as more than a commodity, an asset, and a physical structure. As Section II pointed out, housing policy cannot engineer social and environmental change, but it can add force to other measures whose combined weight can influence gender equity, cultural diversity, natural resource conservation, and levels of safety and enjoyment in urban life. For example, increased insulation levels and better design in buildings contributes to more resource-efficient production and consumption patterns, and through them to reduced depletion of fossil fuels. Removing discrimination against women in property rights and housing finance promotes gender equity and through that the health and well-being of future citizens. Involving children in settlement planning enables them to prioritize their needs for recreational spaces and a safe route from home to school, thereby increasing educational enrolment rates. Urban planners must be able to recognize and build on these linkages so that housing and non-housing policy goals can be made mutually-supportive.
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c. The enabling approach to shelter

The most comprehensive and far-reaching policy shift in housing came with the adoption of what has become known as the "enabling approach", crystallized in the "Global Strategy for Shelter to the Year 2000" adopted by the United Nations in 1988 (UNCHS 1991c). The "enabling approach" actually covers a range of positions in terms of the state-market policy mix, but its underlying philosophy is clear: governments should withdraw from direct provision to "enable" shelter development by others in a supportive legal, financial and regulatory framework. "The full potential and resources of all the actors...are mobilized, but the final decision on how to house themselves is left to the people concerned." (UNCHS 1990a, pp8). Government's role is to make sure the right incentives and controls are in place to enable markets to operate efficiently and to intervene where necessary to preserve equity and coherence. Even where they operate imperfectly (as they always do), markets and private producers deliver a wider range of housing at more affordable prices than the public sector can ever do.

Of course, support to private and community-based housing production was not a creation of the Global Shelter Strategy - it had its roots in earlier policy innovations such as squatter upgrading and sites-and-services (the Kampung Improvement Programme in Indonesia, for example, was launched in the late-1960s). But the "enabling approach" went much further than this in laying out and codifying a new set of roles and responsibilities in which these established programmes formed only a small part. The 1980s brought a growing realization that inappropriate government controls and regulations discouraged the scale and vitality of individual, family and community investments in housing which form the backbone of housing production in all cities. By the end of the decade the focus of housing policy had moved to how to release these energies and support their application through supply-side measures (incremental improvement rather than eviction or eradication, expanding the supply of housing inputs, granting secure tenure and so on); removing costly and ineffective subsidies, price controls, and building regulations; and concentrating the scarce resources of the state on doing things that people could not do for themselves (especially land assembly and the planning and provision of public transport infrastructure).

Few would now quarrel with the enabling approach to housing, nor with the broad thrust of its application in practice. Some commentators, however, have raised difficult questions about "who really benefits" from these strategies, at least where they are applied without due regard for equity and sustainability goals. Fears that corporate interests are gaining more than the urban poor are based on a confusion (or difference of view) between "enablement as liberalization" (with government roles cut back to the bare minimum), and "enablement" as a more active and interventionist strategy dedicated to specific policy goals. Is the goal to "enable" markets to work, to "enable" poor people to participate more effectively in markets, or to "enable" government and civil society to re-shape market processes by injecting more of a "social conscience" into the economic calculus? The answer to this question will vary according to context and circumstance (not to say politics), but the "bottom line" in housing policy is recognizing that both markets and community action have limitations in meeting the needs of the city and all its inhabitants. "Enabling" means facilitating private production of housing with support of community initiatives and at the same time intervening in favour of the most disadvantaged groups so that they gain both market power and political voice (Turner 1992; Hardoy and Satterthwaite 1991). The question then
becomes, "what kind of enabling institution is it that best complements the efforts of individuals, households, communities and voluntary organizations and ensures more coherence between them so that they all contribute towards city-wide improvements?" (UNCHS 1996b, pp424). There is no point in enabling a diverse set of production systems if the aggregate benefit of their efforts is outweighed by the costs of unequal or unsustainable provision, or incoherent urban growth.
Chapter III. Housing policies at macro-level: history and evolution

d. Public-private partnerships

The enabling approach to housing relies on the presence of a wide range of non-state actors able and willing to produce and market dwellings and to undertake the vital support roles which are essential to the housing process (facilitating the flow of housing inputs, organizing communities, running services and so on). These non-state actors include the commercial private sector, but more significantly (for the urban poor) small-scale producers in the informal sector, community organizations, and NGOs of different kinds. Since each of these actors has a different set of "comparative advantages" in housing, the goal of policy is to develop creative partnerships in which the strengths and weaknesses of each can be counterbalanced. In this way, the contributions of the different sectors can be maximized while simultaneously minimizing the costs to particular groups or to the city as a whole. Partnerships are therefore the key to the enabling approach and the achievement of adequate shelter for all.

Experience shows that markets, firms and individuals are best at producing housing. NGOs and community organizations are necessary if low-income groups are to benefit from markets (since without intermediaries their market power is too weak). Governments are the key actors in ensuring that there is a legal, regulatory and fiscal framework in place which enables markets and voluntary groups to do what they do best. Each needs the others to perform effectively, and all perform better through partnership than alone. By linking low-income borrowers with the formal financial system, for example, NGO credit schemes can scale-up dramatically and achieve much higher levels of sustainability (UNCHS 1996a). At the level of theory this is uncontroversial, but partnership is a difficult and demanding approach to put into practice. This is partly because the right mix of public, private and community action varies so much from one situation to another - there are no standard prescriptions - and partly because the power and interests of each set of actors are both different and unequal. Markets tend to short-run economic efficiency, whereas governments and community groups are more interested in long-term objectives such as equity and sustainability. Partnership requires a high level of equality between partners, but in reality the power and resources of the private sector often outweigh those of state or civil society. So partnership is not a panacea for housing problems, and where it has been tried the results have often been limited in scale and reach (UNCHS 1993).

To overcome these problems, experience suggests that partnerships must involve strong (government or non-governmental) intermediaries to facilitate interactions between private firms and community groups, who are "unlikely bedfellows"; address a broad range of housing and related issues simultaneously rather than land or finance in isolation; deliver concrete benefits to all the parties in terms that they value; address the macro-economic or political factors in the wider context which affect scale and sustainability; and focus on programmes, policies and resource flows rather than heavily-administered project-based partnerships which are rarely cost-effective (UNCHS 1993, ppXI). Examples of partnerships which have succeeded in following these guidelines are given in box 5. The most productive collaborations (in housing) have come in three areas:

- involving commercial firms in infrastructural development and some areas of service-provision under different forms of contracting-out, but with strict accountability for performance (including
access among the poor) enforced by government. Transport, water supplies and refuse collection are good examples (UNCHS 1993 and 1996a; Batley 1992; Davey 1993).

- involving NGOs as intermediaries in facilitating access among low-income groups to essential housing inputs, especially housing finance, land and construction materials. NGOs do this directly (acting as channels for more affordable inputs) or indirectly (representing communities in negotiations with landowners and banks). These strategies are analyzed in more detail in Section IV.

- involving community organizations in the direct production and maintenance of housing, though usually with the focus on infrastructure and services rather than individual dwellings. It is everyone's interest to participate in the collective improvement of water and sanitation facilities, whereas the incentives to contribute to other people's houses are usually much smaller. The spectacular and unusual success of the Orangi Pilot Project in facilitating water-borne sewerage in Karachi is a good case in point (UNCHS 1993).

In all these areas, governments must be careful not to allow private firms or individuals to avoid the necessary risks of partnership while reaping all of the gains (for example, by subsidizing profits) - as has happened in some land adjustment schemes in South Korea. As in all areas of housing policy, the benefits of partnership must be equally distributed (UNCHS 1996b, p 183).
Chapter III. Housing policies at macro-level: history and evolution

**e. Decentralization and good urban governance**

The second essential condition for the success of the enabling approach is *subsidiarity* - getting the focus of decision-making to the lowest level that is compatible with both efficiency and equity goals. This is the only way to respond creatively to the diversity and dynamism that are the hallmarks of housing markets; provide the freedom that is necessary for groups and individuals to act effectively at the local level; and develop systems of participation, transparency and accountability that are meaningful. This implies a much greater role for local authorities in urban management and governance, something which (although signalled in Agenda 21 and earlier housing policy statements) was often resisted by central governments and given only halting support by international agencies in the past. One of the most striking features of Habitat II Conference in Istanbul was the prominence given to local authorities in both debates and conclusions: "Recognizing local authorities as our closest and essential partners in the implementation of the Habitat Agenda, we must, within the legal framework of each country, promote decentralization through democratic local authorities and work to strengthen their financial and institutional capacities...while ensuring their transparency, accountability, and responsiveness to the needs of people" (UNCHS 1997b, para 12). Representative local authorities are collective expressions of the way people think, and they provide the most democratic and effective arena in which different interests in cities can be articulated and negotiated. The benefits of decentralization can be striking: in Matagalpa (Nicaragua), for example, the transfer of responsibility for water supply from central to municipal government resulted in a 59 per cent increase in connections between 1991 and 1995 (Gilbert et al, 1996, p 27). The success of Brazilian cities like Curitiba and Belo Horizonte in improving housing conditions even where urban populations are still growing has been largely attributed to the impact of elected mayors and representative municipal councils in providing a framework within which housing policy choices can be debated, prioritized and evaluated (UNCHS 1996b, pp167). Equally important is enabling local authorities to raise and control more of the resources they need to finance public investment (especially in transport infrastructure and land assembly) and to facilitate housing investments by others. Local property taxes are key here, though for a whole host of reasons they are extremely difficult to operate successfully in low-income countries (UNCHS 1996b, p 181). These difficulties must be faced up to and dealt with, however, if local authorities (and through them, housing improvement) are to be sustainable in the longer term.

More broadly, democratizing urban governance by promoting broader public participation in decision-making is essential to the success of housing improvement because people do not invest their time, interest and resources in shelter if they feel they have little stake in the future of their environment - unless they can be reasonably sure that they will benefit in the longer-term even if this means taking some risks in the short term. Like inflation in the economic sense, political instability and exclusion work against the continuity that is essential for incremental improvement in housing. Coalitions of interest groups (which are only possible under representative democracy of some kind) are also essential in pushing through difficult decisions in housing policy in the face of opposition from landowners, politicians, speculators and others. Getting more land and finance to be released in markets at affordable prices is a classic case of this dilemma (see Section IV). These coalitions must include strong representation from low-income
communities, women, and other disadvantaged groups if they are to work in the interests of the poor. This is one way of directing more of the benefits of the housing process to poor people, signalled earlier on as a key issue for the future. The recent success of Mexican cities such as Guanajuato and Leon in re-directing more resources to local development is directly related to the election of a new state government which is less dominated by vested interests (Reding, 1996).
Chapter III. Housing policies at macro-level: history and evolution  
f. Other changes

Two other sets of changes are worth mentioning in this short review of housing policies at the macro level. The first is the increasing importance of "issues of difference" in planning and policy-making to ensure that policy is sensitive and relevant to all social groups, something which is essential if policy is to promote social equity as well as efficiency and sustainability goals. The driving force behind this change has been the international women's movement and the increasing recognition (in theory if not in practice) that gender is a central issue in all decisions about housing. Policy that is not appropriate to women as well as men is simply not appropriate. But this is not solely an issue of gender; the distinctive needs and equal rights of children, older people, disabled people and those discriminated against by virtue of caste or ethnicity have also become an issue in housing debates over the last ten years - and particularly at the Habitat II Conference, which is probably the most explicit statement of commitment to shelter policies which are socially-aware in all these respects. Policy-makers must use all possible avenues to make housing a handmaiden to social equity and ensure that all housing policies are made with real needs and priorities in mind - not for a mythical "household." This challenge is taken up in Section V.

The second set of changes has been an increasing emphasis on performance, results, evaluation, learning and accountability in housing. As Section VI points out, this is not unrelated to recent trends in international development assistance, but even without the increasing concern of donors for visible results, better learning and more accountability would be central to the ability of policy to support housing improvements. In the past, shelter-related planning has been too concerned with formalistic models which fail to translate into practical action on the ground - independent evaluations of National Shelter Strategies in a range of countries consistently conclude that their results have been limited (Wakely et al 1992; UNCHS 1994c). They have been over-ambitious given the administrative resources available and the scale and complexity of the tasks in hand, inadequately-resourced in both financial and human terms, poorly-supported by political leaders, uncoordinated in their application, unimaginative in their analysis of real-world conditions, and rigid in their attitudes to roles and responsibilities (UNCHS 1996b, pp 255-60). The way to get better results from housing policy is not to invest in yet more levels of strategic planning, but to focus on incentives for implementation, and that means proper rewards and penalties for performance, empowering staff to make decisions and take some risks, and re-focusing bureaucracies to see policy-making as a learning process rather than a mechanical responsibility or a political game. The city of Curitiba expects planning applications to be approved or objections lodged within two weeks of submission; and the terminal in Curitiba City Hall can print out the zoning and construction requirements for every plot on demand (Davey,1993). A culture of performance like this can be of huge practical and symbolic significance.
Chapter III. Housing policies at macro-level: history and evolution

Policy summary

- although the philosophy and instruments of the enabling approach are clear and persuasive, there remain some difficult intellectual as well as practical challenges to be resolved in housing policy. The core issue is how to protect the interests of poor people and the overall coherence of housing development without killing incentives to market processes and private action. It is not possible to resolve this problem though housing policy alone, for it represents a much wider dilemma for all societies which aim to achieve a better balance between economic growth, social cohesion, and environmental sustainability.

- nevertheless, there are some things that are clear policy imperatives: increasing poor people's direct participation in economic and political life - and specifically in housing markets and non-market decisions over housing; promoting gender-equity and the profile of other issues of difference in planning; holding all producers and providers to account for their performance; and focusing on results rather than plans.

- to achieve these goals, greater decentralization is crucial, though still within a framework of accountability which protects the interests of the poor. But decentralization must be real to be effective, and that means getting more resources and authority into the hands of elected officials and representative institutions. Housing problems cannot be solved from above.
Chapter IV. Housing delivery systems: policy at micro level

a. Introduction

At the micro level the task for policy-makers is straightforward, at least in principle: maximizing the housing options of all people in the city while guarding against exclusion, exploitation, insanitary conditions and "externalities" of different sorts. Rather than favouring one delivery system over another, the key task is to enable all systems to function as effectively as possible within a framework of "minimum standards" set and monitored by government. That means striking a pragmatic balance between two sets of imperatives: on the one hand, the need to release the energies of the private sector, NGOs and community groups and free them from unnecessary regulation; on the other hand, the need to address the problems that arise from unregulated or uncoordinated activities. It also means knowing where the most influential "levers" are in housing delivery so that the impact of policy and scarce public resources can be maximized.

In broad terms, there is already a consensus on how this translates into practice. Of the three (diverse) delivery systems that exist - private, community, and public - the first is most efficient in producing housing, the second in promoting social goals in the housing process, and the third in generating the framework within which equity and efficiency goals can be harmonized (UNCHS 1996a). This can be summarized as private delivery within a public framework, mediated by the institutions of civil society. In most situations, addressing supply constraints will pay more dividends than trying to regulate demand. Policy-makers should focus on large-scale proactive land development, credit-provision, and security of tenure. They must interact creatively with informal housing markets and the entrepreneurs who make them work, and invest in upgrading and rehabilitation rather than eviction. And any regulations that are applied to housing should have demonstrable benefits that outweigh their costs. But if the issues involved are simple, why is progress on the ground so disappointing?
Chapter IV. Housing delivery systems: policy at micro level

b. Enabling markets to work

The obvious response to this question is that sensible policy levers are much more difficult to apply in practice. Take the goal of "enabling markets to work", which is one of the key recommendations of the new consensus on housing delivery. Properly-functioning markets in land, dwellings, finance, construction materials and (some) services are much better way of delivering shelter than public agencies or NGOs. "We shall work to expand the supply of affordable housing by enabling markets to perform efficiently and in a socially and environmentally responsible manner", says the Istanbul Declaration on Human Settlements (UNCHS 1997b, para 9), thus encapsulating the problem in a nutshell, for markets have never functioned in this way and are not designed to. Part of the problem lies in the highly-skewed income distributions of most developing country cities, which restrict purchasing power and reduce the reach of commercially-produced housing. The gap between what most people can afford to pay and the price at which contractors are prepared to produce is just too great, and the potential returns from housing at higher income levels are much more attractive. There have been some small-scale experiments with lower-priced commercially-produced housing, but their results are not encouraging (UNCHS 1993 and 1996a). These problems are exacerbated by the existence of large-scale imperfections in most housing markets, with supply constraints (such as land hoarding) and politicization pushing up pressures for speculative gain. Often, the supply of housing does not respond efficiently to market signals even where demand is effective. As the World Bank (1993, pp2) always points out, "the poor are most disadvantaged by poorly-functioning markets", but under real-world conditions in most cities markets "function poorly" as a matter of routine, at least in the formal sector. Informal markets function quite well in delivering affordable housing both rental and for ownership, even if it is inadequate according to official definitions.

(see box 6)

What, then, needs to be done to improve market provisioning in the housing sector? The first step is to recognize that markets must be managed. This is the job of governments, and need not exacerbate housing supply problems when undertaken sensitively. Singapore, for example, has a strongly market-oriented approach to policy overall but a highly interventionist housing policy, and the more-highly regulated housing markets of Scandinavian countries have consistently out-performed those in countries where "laissez-faire" rules. The second key policy measure is security of tenure, or least the granting of a "secure claim" to property to all those who want it, including or perhaps especially to women who may find this difficult as a result of traditional inheritance laws (Doebele, 1994). Security is vital because people will not invest in housing without it, but titles do not have to be permanent, legal or individualized to be effective in this way - it is the sense or conviction of security that is crucial, and this can be conveyed through collective organization or political support and a policy which secures prevention of illegal evictions. In Lusaka and Lima, for example, very few legal titles have been taken up but upgrading continues (Doebele, 1994). In Visakhapatnam (India), land is owned by government and leased to residents, but shelter improvements there have been very rapid (Asthana, 1994). In Indonesia, legal, illegal and semi-legal land rights co-exist, but people invest with all of them. And there are plenty of examples around the world where land rights have been vested in communities or community institutions
and then allocated leasehold to individuals. This point is important, because such alternative forms of tenure are one way of addressing the problems which stem from commercialization in land markets - the process whereby property-ownership becomes more concentrated over time and lower-income groups are progressively priced out. The experience of "land trusts" in some North American cities suggests that leasing public land through private organizations can be an effective way of increasing supply at affordable prices without the attendant dangers of bureaucratization (Bruyn, 1992).

Third, priority needs to go to action on the supply side of markets on a sufficient scale and over a sufficient length of time to "make a difference", since demand is a very long-term strategy and is less amenable to housing policy influence anyway. This is examined in more detail in the next section on "housing inputs", but basically it means large-scale and continuous intervention by government to get more land and credit onto the market and bring its price within reach of the poor, without the need for costly and ineffective regulations like the Urban Land (Ceiling and Regulation) Act in India. That leads into a fourth priority - facilitating the ease of entry, buying and selling in housing markets by improving property information systems, reducing the time and cost of transactions (acquiring plots, getting development applications approved, registering informal credit schemes and so on), and getting rid of inappropriate standards for design and zoning. In the Cameroon, registration of titles can take up to seven years; in Lima, approvals for subdivision take three years or more; and in many cities minimum lot sizes are set far too high to be affordable to the majority of residents (UNCHS 1996b, pp252). Faced by hurdles like these, it is not surprising that many would-be developers of housing simply give up.

It is not enough to undertake these initiatives in formal markets - they must be extended to informal markets too, where most poor people live. Of course, informal markets develop outside of the legal and regulatory framework anyway, and to that extent are less responsive to regulatory reform, but this is not always true. Take the example of renting, which provides housing to fifty per cent-or more of the urban poor in many cities. Owner-occupiers who are themselves poor respond rationally to market signals by letting part of their dwelling to others, so a rental market nearly always develops in illegal settlements over time. Despite this fact, the record of official support to small-scale landlords is dismal, with the number of innovative policy measures to be counted in single figures. True, there have been some successes in rehabilitating inner-city rental tenements with official encouragement in Mexico City, Mumbai (Bombay) and elsewhere, but they are the exception rather than the rule (UNCHS 1996b, pp352-3). The potential of subsidized loans to potential landlords has only been exploited on a limited basis, and usually with commercial firms rather than low-income owners (as in South Korea and Indonesia, for example; UNCHS 1996b, pp352). After more than a decade of careful research on rental housing in the cities of developing countries, it is remarkable how little attention is paid by policy-makers to its potential as an affordable housing alternative. Box 7 presents recommendations of an Expert Group Meeting organized jointly by UNCHS (Habitat) and Institute for Housing Studies (IHS) on "Review of rental systems and rental stability", held in Rotterdam, the Netherlands in 1989.

There are, then, many levers that can be used to enable housing markets to work more efficiently, but always one needs to ask "work efficiently for what?" There are many "efficient" markets which exclude poor consumers and producers and which do little to support the process of housing development. So the definition of "market efficiency" needs to be considered carefully by policy-makers and the markets to be targeted need to be identified clearly. Measures also need to be put in place to prevent private or public interests from taking advantage of rapid market liberalization (the situation of poor people in the cities of the former Soviet Union is a good example). The real job of policy is to make markets work effectively for those with less market power, not just to make them work efficiently for those who already have it.
Housing cannot be improved or exchanged unless there is an adequate supply of land, finance, construction materials, labour and basic infrastructure to produce it in the first place. So improving access to these inputs is a prerequisite for "enabling markets to work." Yet time and again, United Nations reports on shelter have signalled their widespread disappointment with the failure of delivery systems of all kinds to satisfy this basic condition, particularly at low levels of income and at affordable prices (UNCHS 1991c, 1994c, 1995, 1996a, 1996b). Research has shown that low-income groups often have to pay more in real terms for poorer-quality inputs because they are both excluded by formal markets and penalized by informal suppliers - as in the case of drinking water in Dar-es-Salaam and Abidjan, for example (UNCHS 1996a, pp8). The capital cost of purchasing and servicing land is also too high for most individuals to meet. It is in these areas that forceful action by governments is essential.

The problem is most acute in land markets, since inadequate supplies of serviced land in the right places have been the area of greatest failure in most shelter strategies over the last thirty years (New Delhi Declaration, 1996). Two major negative consequences of such failure could be mentioned: the sustained high rate of increase in the price of land and the increased commercialization of irregular systems of land and housing production and management, characterized by insecure tenure and the lack of infrastructure and services. These issues have attracted particular attention during the preparatory process of the Habitat II Conference and led to the formulation of extensive recommendations within the Habitat Agenda as excerpted in box 8 (New Delhi Declaration, 1996). Core principles for policy here are to work with rather than against informal land suppliers, use positive measures as supply incentives (such as infrastructure-led development, as in Curitiba, and public-private partnership arrangements such as land-sharing and re-adjustment), penalize speculators rigorously for holding land vacant (using taxes and other measures), instigate efficient land registration and information systems which facilitate cheap and speedy transactions, and remove any regulations and development standards which contribute to bottlenecks in supply (this is often a problem with land banking and other forms of public ownership). In Lusaka, Dar-es-Salaam and New Delhi, for example, the reluctance of the city authorities to release government land onto the market has simply encouraged more illegal markets to develop in uncoordinated fashion, posing many more problems for planners in the process (UNCHS 1996b, pp253). Incremental development is often the best policy here since it allows low-income groups to match housing with incomes and family characteristics as they change over time, holding on to rising property values in the process (Baross and Van der Linden, 1990). "Deferred assessment" can be used to pay for infrastructure retrospectively (when the property is sold), so making the cost more affordable (Jones and Ward, 1994, pp240). But this depends on the willingness of government to provide basic infrastructure and services in the first place and to locate settlements in the right areas of the city (along public transport routes, for example). This is only possible through large-scale public intervention in land development, where the principle of guided development is crucial.

Similar issues present themselves in housing finance, though here (thanks largely to roles played...
by NGOs) there has been more improvement over the last few years. All housing finance systems have to reconcile affordability to borrowers, viability to lenders, and resource mobilization for the sector as a whole, but because of the risks involved in lending to low-income groups the first of these goals often loses out to the others. When deliberate action is taken this problem can be overcome: the success of the Grameen Bank in Bangladesh and many other similar NGO-led schemes demonstrates conclusively that the "poor are bankable", if restrictions on collateral are eased, repayment schedules are phased properly, and due attention is given to group organization in order to encourage equity in access and sustainability through high repayment rates (UNCHS 1994e and 1995). Where loans are subsidized, recipients should be allowed to choose the allocation that suits them best between capital and interest-rates; repayments can be linked with wages to maintain their real value; and loans can be made to community organizations (as in the "community mortgage programmes" in Thailand and the Philippines) for on-lending to individuals. This reduces the risks involved and tends to be more efficient because lender and borrower are "closer" to each-other. Making these innovations work requires a significant amount of non-financial support to be provided to borrowers, giving them as much discretion as possible in how they use their loans (self-build, employing small-scale contractors and so on), and maximizing "local economic multipliers" so that funds re-circulate through the local economy (small-scale housing production being an excellent example; UNCHS 1996b, pp373-7). Housing is an excellent vehicle for promoting savings-and-credit schemes of this sort since it is both a productive asset, and appreciates in value over time, thereby increasing the likelihood that any loans that are made will be repaid in the future. It is however a universal situation that the poorest groups cannot afford owning housing and renting is the most viable option. Other policy priorities include developing and deepening the secondary mortgage market, providing conditional guarantees to encourage more private-sector lending for housing, increasing access among local authorities to capital markets, and experimenting with bodies (such as "municipal credit institutions") which combine the commercial incentives of private lenders with the financial backing and guidance of governments, usually to finance urban infrastructure. NGOs are usually critical to the achievement of these goals, but the key is to mainstream such reforms into the formal financial system, since the resources it commands are so much greater. This is the only way to attack the problem of access to housing finance on a sufficient scale. (see also box 9)

- The importance of large-scale government investment in infrastructure has already been noted, since this is an area which is too expensive for individuals to finance and where overall coherence and co-ordination is essential to reap economies of scale. Alternative ways of providing infrastructure and services have been the subject of much debate, and some controversy, in recent years, with claims and counter-claims being made for and against privatization in different sectors. In reality it is very difficult to generalize here since the best form of provision varies so much from one service, city, income group and time period to another (Cook and Kirkpatrick 1988, 1995; Batley 1992). Both shifts from public to private provision and back again have been shown to lead to efficiency improvements, and usually it is public-private partnership of some kind that provides the best solution. Governments need to retain overall responsibility for provision and enforce accountability, while contracting out construction, operation and maintenance to the right blend of commercial companies, small-scale operators in the informal sector, NGOs and community groups, as in the example of Dakar given earlier ( box 5 ). Sometimes, an especially well-organized community (such as the Orangi Pilot Project in Pakistan) can develop its own infrastructure (or at least its own sewerage network), but this is unusual. In most circumstances governments will need to take the lead in using public resources to invest in infrastructure-led development, though making as much use as possible of private investment along the way -for example by selling land along infrastructural
corridors to developers as one means of cost-recovery (UNCHS 1996b, pp305). As with land and housing finance, however, this should not be at the cost of those for whom cost-recovery on this scale is impossible.

- The last area that is relevant here is the need for policies to increase access to cheap and appropriate building materials (see box 10), support experiments with new technologies (such as fly-ash cement and soil-cement blocks), and improve the quantity and quality of skilled artisans available to work on incremental improvement. In China, about fifty per cent of cement is produced in "mini-plants" with excellent employment effects and no adverse impact on standards (UNCHS 1996b, pp355). Environmentally-sound construction design and techniques, and energy-efficient and low-polluting technologies should be made more widely-available. And governments, research institutions and NGOs can play a critical role in disseminating information about these innovations and providing training and other forms of support to individuals and community groups in how to use them.
Even if housing markets worked more efficiently and states intervened more effectively, it would still be important for policy-makers to explore and support a third form of housing delivery rooted in informal and community-based initiatives. Supporting small-scale producers and community organizations makes sense both as a pragmatic response to state and market failure, and as a creative response to the ability of other actors to produce housing at lower economic cost and higher social benefit. This is not simply a residual policy option; it may be an excellent way of combining housing delivery goals with a desire to promote greater equity in the city and contribute to poverty-reduction through labour-intensive works. Policy-makers need to be clear that support to small-scale producers in the informal sector (whether individuals or firms) and support to collective or "social" efforts represent different routes to housing delivery, though they may be complementary (as in the case of the Orangi Housing Support Project described in box 10). Generally, social or co-operative housing production has not been a great success (though there are exceptions to this rule, as in the case of the "mutirao" programme in Brazil which is also described in box 10). Outside of closely-knit communities of origin or affiliation (which are rare in most cities), there are few incentives to help others build their homes while work remains to be done on your own, though "self-help" nearly always turns out to be a complex mixture of individual and family construction, the employment of small contractors, and some mutual aid (UNCHS 1996a). In other areas of housing, and particularly in the development of infrastructure and services, collective action tends to be more successful because it has a stronger logic (improvements cannot be carried out individually). So the policy priorities in this area are actually quite diverse: support to owner-builders and landlords, and to small-scale entrepreneurs in the informal sector, is a matter of increasing their access to housing inputs and giving them more opportunities to compete successfully for work. "Building materials banks" and additional credit for the purchase of materials will obviously help here (and has been tried on a limited scale in Indonesia; UNCHS 1991c, pp38), as will support to skills training, the development of new low-cost materials and technologies, favouring small firms in tenders for publicly-funded works, and the removal of restrictive planning and building standards. All these measures help individuals and small firms to respond more effectively to market signals.

The priority for community organizations and NGOs is to provide more room for their involvement in infrastructural development (in addition to their roles in increasing access to land and finance highlighted above). In Sri Lanka, for example, the "Million Homes Programme" issued a large number of "community construction contracts" for infrastructural works (UNCHS, 1994d), something which was later extended to Zambia, Bolivia, and the India Slum Improvement projects funded by the British Overseas Development Administration (ODA). This lowers costs and strengthens the economic multiplier effect of the investment. In theory, it should also make the allocation of resources more transparent, accountable and equitable, though the record of community groups and NGOs in this respect is mixed (Edwards and Hulme 1995). In Indore (India), the "Vastu Shilpa Foundation for Environmental Design and Research" supports communities to install underground infrastructure along "linear clusters", thereby increasing the efficiency of service-provision and making more social use of space (Badshah 1996). The examples of "mutual aid" housing in Brazil and support to "thallawalas" in Karachi given in box 10 show how, in
different ways, significant results can be obtained from small investments. Perhaps the most important lesson they have to teach is that involving community organizations in housing delivery can unlock a huge amount of energy and creativity and lead to new and surprising solutions to old problems.
Chapter IV. Housing delivery systems: policy at micro level

e. Getting the legal and regulatory framework right

In previous sections the balance between "freedom to build" and the "duty to protect" has re-surfaced as a key theme in housing policy. Achieving this delicate and dynamic balance is largely a matter of getting the legal and regulatory framework for housing right - removing those regulations which add to bottlenecks in the housing market or whose costs clearly outweigh their benefits, and adding in others which perform efficiently without undue side-effects. Some elements of this framework have already been dealt with - clear (though not necessarily individualized) property rights, an enabling fiscal environment, and freedom of people to associate and organize. Other elements are more specific to housing delivery. The goal here is to secure a framework that is "light but firm" - in which a small number of rules and regulations are implemented rigorously; rather than a "heavy but loose" system in which large numbers of norms and sanctions are unused, or are used selectively according to political patronage or financial interests. It is not possible to specify what this would look like at any level of detail - some areas are already under-regulated in cities (such as the urban environment), whereas others are manifestly over-regulated (including land development procedures and rent controls - though in informal markets both are often ignored). In general, however, it is better to use positive rather than negative measures (for example, providing tax rebates to firms for labour-intensive and environmentally-friendly production); to involve users in discussing, setting and monitoring the regulations (since this increases the likelihood that they will be respected); and to intervene only when physical health or safety is threatened. In the absence of alternative delivery systems, trying to regulate informal markets too forcefully only adds to supply constraints.

Development control and zoning systems should be "permissive" and flexible, focused on key areas of the city, devolved to the lowest level possible, and integrated into one responsible department or agency (UNCHS 1996b, pp298-300). In this way they can be implemented effectively by poorly-resourced agencies. Building standards should focus on minimum standards for health and safety ("walls should not collapse") rather than pre-specifying all the details of design and construction. Guidance on house construction and design should be targeted to areas where it adds real value to local knowledge - for example in energy-efficiency - and/or where extra pressure is required to lever key changes (for example, encouraging builders to take more account of the needs of women, children and people with disabilities). Rent control should be abolished in all but exceptional circumstances, phased out gradually if necessary, or combined with other measures (such as being indexed to the inflation rate) to encourage property improvement without decontrol if this is politically expedient. In Mumbai (Bombay) for example, over 100,000 people have been rehoused under an initiative to allow higher residential densities in return for better services for tenants and higher rents for landlords (Economist 29/6/96). Evictions should only be countenanced if alternative housing is available and after full discussions with those affected. These are all ways of giving as much leeway as possible to housing delivery systems while retaining the ability, resources and political capital to intervene effectively where minimum standards are violated. Inevitably, this will sometimes mean that abuses occur. But generally it is a better way forward than risking large-scale supply problems through top-heavy regulations in already-constrained markets.
Chapter IV. Housing delivery systems: policy at micro level

f. Policy summary

- Making housing delivery effective (in social terms) as well as efficient (in economic terms) requires a judicious mix of market-based and community-based approaches within a framework of minimum standards set by government. This mix will change from one city, income group and time period to another: it is the job of policy to find and maintain it.

- Attacking supply constraints in housing delivery is the key to progress in the short to medium-term, but requires guidance as well as enablement: making housing finance affordable, ensuring that affordable and secure land is provided in the right locations, and supplying infrastructure that is too expensive for low-income groups to develop for themselves. This implies an active but not overly interventionist role for planners in areas where neither markets nor people will deliver the necessary improvements.

- There are an increasing number of innovations in housing delivery systems which point the way to adequate housing for all - partnerships, support for informal markets, NGO-nurtured input programmes and so on. But nearly all are too small in scale to make much of a difference to housing conditions in the aggregate. The urgent need is to find better ways of scaling-up these approaches by strengthening their links with the institutions which control more resources and decision-making authority. In this way, experiments can be mainstreamed through the formal financial system, the machinery of government, and the operation of markets.

- Promotion of security of tenure, collective or other innovative forms of property rights equally both for men and women, community or NGO management of infrastructure and services, and direct investment in poor people as producers of housing, can mitigate the exclusionary effects of imperfect markets and support the achievement of equity and poverty-reduction goals. Much more attention needs to be paid to these measures by policy-makers.
Chapter V. The special needs of vulnerable groups
a. Vulnerability, disadvantage, discrimination and housing

All housing policy documents make reference to the fundamental importance of gender equity, and all reviews of the implementation of these policies conclude that performance in relation to gender has been a severe disappointment (UNCHS 1991c, 1994c, 1995, 1997b). "We shall promote full accessibility for people with disabilities, as well as gender equality in policies, programmes and projects for shelter and sustainable human settlements development" cites the Istanbul Declaration (UNCHS 1997b, para 7). Will it suffer the same fate as previous declarations? A large part of the problem, of course, has nothing to do with housing policy, which by itself is a very blunt instrument in promoting social goals. Far more important are social and cultural attitudes, the distribution of power and resources among different social groups, and basic economics. As the Habitat Agenda (UNCHS 1997b, para 90) explains, "vulnerability and disadvantage are mainly caused by circumstances, rather than inherent characteristics." These are the things which discriminate against women, children, older people and those with disabilities, and no matter how sophisticated it is, housing policy as such will not be able to re-engineer them. However, as Section II pointed out, housing is an important component of wider efforts to promote social equity, and social equity is influenced by the ways in which housing delivery systems operate. As part of a broader set of measures therefore, housing policy can play a very useful role in combating discrimination, just as combating discrimination will make the housing process more effective. The job of policy-makers is to ensure that every opportunity is taken to use housing as a vehicle for promoting the equal rights of all people to the same standards of life.

Often, policy-makers use "disadvantage", "vulnerability", and "discrimination" interchangeably, but in reality they are quite different. For example, women in most developing countries are discriminated against by unjust legislation but some are more "vulnerable" to the consequences than others; all young children are "vulnerable" to environmental hazards even where they are not disadvantaged by race or class. Women-headed families are over represented in informal settlements in the developing world, and in the rental market in the industrialized countries (UNCHS, 1996c pp25). So housing policy must be sensitive to these differences and be clear about both the nature of the problem and the form of possible solutions. Reducing vulnerability and attacking discrimination is not simply a matter of human rights (though this is justification in itself); it is also an issue of efficiency and effectiveness. Women are often more effective community leaders than men, if given the opportunity - the prominence of women representatives is one reason given by Asthana (1994) for the success of the Integrated Slum Improvement Programme in Visakhapatnam (India). Similarly, the exclusion of women or other marginalized people from the different phases of housing production and maintenance reduces the range of skills, resources and creativity that are invested, and makes "solutions" less relevant and sustainable because they have been designed according to the interests and priorities of less than half the population. Exclusion in any form makes no sense when housing delivery is already so inadequate. Housing needs all the help it can get.
Chapter V. The special needs of vulnerable groups
b. Links and connections

How, then, do "issues of difference" play themselves out in housing? A great deal more is known about the answers to this question in relation to gender than in relation to other disadvantaged groups, though at root the principles involved are the same and so are many of the policy options. The starting point has to be a recognition that different social groups have different housing needs and priorities - not that some need adequate housing and others do not, but that the details of tenure, design, construction, location and payment do change according to social characteristics and circumstances. Children, for example, often value a safe route from home to school and a place to play as much or more than high-quality services; people with disabilities must have easy access to public transport or be housed near to their place of work; because women's incomes are often lower and less stable than those of men, they may need different entry or repayment criteria for housing loans. Perhaps the most important issue (at least for women) is the right to a secure claim over property held independently of male partners or relations, since security of tenure is the foundation for so much of the housing improvement process, the basis of collateral for credit, and a prerequisite of using the home to generate income from letting or business (Dandekar 1993; Moser 1993a). Women's economic and reproductive roles are more closely intertwined than those of men: their childcare responsibilities make long journeys-to-work more problematic, so resettlement affects them very significantly. During the re-location of squatters in New Delhi in the 1970s, female employment fell by 27 per cent compared with only five per cent among male movers (Moser and Peake, 1987, pp21). Women and older children are the major drawers of water in settlements and take responsibility for most other domestic tasks too, so patterns of infrastructure and service-provision must be tailored to suit their requirements, and efforts to improve sanitation and environmental conditions must be sensitive to their roles and workloads. Many other examples could be given. The basic point they all illustrate is that housing policy which ignores issues of difference is simply poor policy - unworkable, unsustainable, and discriminatory in and of itself.

(see box 11)
Chapter V. The special needs of vulnerable groups

c. Policy priorities

Although the rationale for integrating issues of difference into housing policy is clear, the record of doing this in practice is dismal (Moser 1993). There are at least four priority areas for more concerted action in the future.

- **First**, is to adjust the legal and regulatory framework so that it is both sensitive to social difference and effective in combatting discrimination. This includes giving legal security of tenure (or a "secure claim" as described earlier) regardless of gender and ethnicity, undertaking legislative and administrative reforms to give all people full and equal access to economic resources, and underpinning rights to inheritance and ownership of land and housing (UNCHS 1997b, para 38). All discriminatory laws, regulations and practices should be removed. Where this is difficult to achieve at national level (as it always is), a useful short-term measure can be to instigate settlement-specific "laws" to combat discrimination in existing systems of land allocation and tenure security, as SPARC has done in Mumbai (Bombay).

- **Second**, vulnerability can be addressed in part through special measures targeted at particular groups - such as subsidized housing loans or additional training and support to fledgling businesses. The Self-Employed Women's Association (SEWA) in India has successfully provided credit for house improvement and income-generation to hundreds of thousands of women (and achieved very high repayment rates in the process); SPARC supports women at every stage of the housing process with advice, information, training and technical assistance; and Mobile Creches [in Mumbai (Bombay), Pune and Delhi] provides high-quality daycare facilities to women working on construction sites and in slums so that they can earn a higher income safe in the knowledge that their children are in good hands (UNCHS 1991c, pp51; UNCHS 1994c).

- **Third**, support can be given to groups of women, older people or people with disabilities so that they can organize themselves to make demands on local government, financial institutions, landowners and others, and exert greater pressure from below for their needs and priorities to be recognized and respected. Increasing the involvement of marginalized groups in the structures of urban governance is vital if decisions over policy and resources are to be directed in their favour. For example, CONSTRUYAMOS (a national federation of popular housing groups in Colombia) encourages the formation of women's committees at neighbourhood level and supports their representatives to take part in higher-level policy debates. In India, SEWA (with other NGOs) has helped to create a powerful lobby in favour of women's interests which has succeeded in obtaining changes in law and policy, even though they have only been implemented imperfectly in practice.

- **Fourth**, greater efforts (and more resources) need to be put into mainstreaming gender awareness and sensitivity to other issues of difference throughout government bureaucracies and other institutions in the city. This is particularly the case in relation to the needs and rights of
children, older people, and people with disabilities. If progress on gender issues has been 
disappointing, this is even more true of these other issues of difference. All urban management 
and capacity-building programmes should include a major component relating to these issues, 
including techniques of disaggregated data-collection and analysis (see Section VI).

While there are many understandable difficulties in improving performance on issues of difference 
in housing policy (shortages of resources, competing claims on understaffed government agencies, inertia 
and so forth), the simple fact is that most policy-makers have not tried hard enough to break down 
barriers, confront prejudice, and push through solutions. Above all, this is a failure of imagination and 
moral courage.
Chapter V. The special needs of vulnerable groups

e. Policy summary

- The key issue in addressing vulnerability, disadvantage and discrimination is control over resources, assets, rights and opportunities. That is where policy should focus, ensuring that women in particular have full and equal access to land and housing, credit and income-earning opportunities, and participation in debates and decision-making. These claims must be enshrined in law.

- To overcome accusations of "special pleading", issues of difference have to be mainstreamed into the process of policy-making and policy-monitoring. Gender, children's rights, disability and other issues of difference must be made to matter in the minds of those who make and implement housing policy through the proper use of incentives and penalties. Policy-makers should be held accountable for the commitments they make in relation to equity and non-discrimination.

- More effort needs to go into learning from the last twenty years of attempts to integrate gender issues into housing policy, since this process has important insights for what is happening now in relation to other issues of difference. Few policy-makers have a clear understanding of the housing needs and priorities of children and older people, and of people with disabilities. While the focus on gender must be maintained, these other issues must be given higher priority.
Chapter VI. Programme evaluation, learning and housing policy development

a. The housing policy "dynamics"

Results are always important as a measure of policy success, but never more so than at a time of shrinking resources and escalating demands. Although development assistance budgets are not declining in every donor country, it is clear that the volume of international resources available for housing projects and programmes is unlikely to increase in real terms in the future (see Section VII). That means that the resources that are available need to be used as carefully and strategically as possible, both to lever larger funds from private and community sources and to effect greater change in key areas of the housing process. Housing policy needs to focus where the potential impact of policy is greatest, and identifying these areas requires significant investment in monitoring and evaluation, research, learning, information dissemination and sharing, so that mistakes and unproductive investments can be avoided and good practice extended. Channelling the lessons of experience back into the process of policy development improves the likelihood that resources will be used to maximum effect, with each set of innovations building on and extending the last. In this way, the policy cycle turns into a more dynamic process of implying qualitative improvements as well as extensions in scale at every stage. A results-based culture built around strong incentives for performance and learning would be critically-important regardless of trends in the aid world. As the experience of successful cities around the world shows, local authorities and other agencies that are transparent and accountable are a key ingredient in housing improvement (UNCHS 1996b). However, in most bureaucracies learning and accountability are weak, monitoring and evaluation are poor, and inadequate time and resources are devoted to measuring effectiveness. These things undermine the ability of any housing policy to "make a difference."
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Chapter VI. Programme evaluation, learning and housing policy development

b. Housing indicators

When discussing monitoring and evaluation the temptation is to institute sophisticated systems with large numbers of quantitative indicators, extensive data-collection requirements, and costly implications for staffing, training and supervision. This is often a mistake, leading to systems which collate but do not use information, and a "mechanical" outlook among staff which devalues learning, particularly in poorly-resourced city administrations and housing agencies. A better approach is to strike a balance between locally-specific learning, monitoring and evaluation (with the emphasis on creativity and experimentation), and the need for standardized performance indicators which can be aggregated at the level of the city as a whole. An example from the Cochin Urban Poverty Alleviation Programme in India is given in box 12. Such systems are able to capture the diversity and dynamism of housing processes on the ground while still providing the broader overview which policy-makers need if they are to make sensible decisions about the allocation of resources. Investment in basic data collection on housing conditions, prices, affordability, etc. is clearly important, but so are learning and evaluation targeted at specific issue areas which are known or suspected to be of particular significance. Examples from earlier sections of this report include the impact of liberalization in housing and financial markets, how to scale-up public-private partnerships and NGO or community innovations in housing delivery, and costing out the effects of particular regulations or changes in the legal and regulatory regime. Small-scale studies of grassroot experiences can provide a useful "reality check" to make sure that the expected benefits of policy change are actually being delivered in practice. "Success stories" can be especially valuable in inspiring others to take risks; for example, the failure of the Mexican Popular Housing Fund (FONHAPO) to maintain its early successes has been attributed in part to weaknesses in documenting and disseminating its approach and impact. In consequence, it did not develop sufficiently broad-based support to sustain itself over the longer term (UNCHS 1996b, pp382).

A good deal of investment has already been made by governments and international agencies in these areas through the Housing Indicators Programme, the Urban Management Programme, the Best Practices and Local Leadership Programme and other related initiatives within UNCHS (Habitat) work programmes. As a result of these initiatives the amount and quality of information available about housing in cities has risen considerably, especially in relation to data on formal land and housing markets, and the interaction of supply with demand (UNCHS/World Bank 1992; UNCHS/ World Bank/UNDP 1994; UNCHS 1997c). However, insufficient attention has been paid to disaggregating data and indicators by gender, age, disability and other issues of difference, and to looking "beyond the figures" to unravel the social and political factors which influence the way markets work. This constitutes a significant weakness in the information base which underlies housing policy and should be a priority for the future (UNCHS 1997b, para 46). Because successful housing policy has to be integrated with policy in other areas, indicators need to reflect the linkages which exist between housing, health, poverty and employment, and the urban environment. Holistic monitoring of this sort builds a view of the future and can show whether progress in housing is having adverse effects on other indicators (such as transport costs), or vice-versa.

The recent review of the UNCHS (Habitat) Urban Indicators Programme observes that the housing indicators have been less well understood than the other urban indicators modules, partly
because they represent data which is not commonly collected, and partly because most of the indicators represent complex concepts or have difficult collection methods. Accordingly results tend to vary a great deal between different collectors. The Indicators Programme plans to concentrate more on capacity building and training activities (1997c, pp26).
Chapter VI. Programme evaluation, learning and housing policy development

c. Capacities and responsibilities

The housing development process concerns a wide variety of actors in every society. Private firms, NGOs and community groups share the responsibility for identifying what is happening through their actions and for learning the lessons of experience (UNCHS 1997b, para 237). After all, it is they who are the major providers of housing. That means that training and capacity-building in data-collection and analysis must encompass a broad range of target groups. The private sector and voluntary organizations should also be involved in discussing the results of monitoring systems and evaluation studies, since it is they (as producers, consumers, users, facilitators and organizers) who are ultimately responsible for the success of policy in practice. Information is rarely valued by those who are excluded from collecting it. In this respect, support for networks of local researchers is very important (Stren 1994). At the international level, associations of local authorities (such as WACLAC, IULA and the United Towns Organization) play an important role in sharing experience and building capacity, in conjunction with official agencies such as UNCHS (Habitat). At the local level, priority should go to building and enhancing capacities in innovative approaches to monitoring which involve participatory and qualitative techniques, and other ways of accommodating the diversity and dynamism that is characteristic of housing processes. Technical training of this sort needs to be underpinned by new attitudes on the part of planners so that they are able to deal creatively with uncertainty and complexity, without being paralysed into indecision (UNCHS 1994c, pp21; UNCHS 1996b, pp324-6). Without such attitudes it is unlikely that innovations such as the community action planning model described in box_13 will find a receptive audience among policy-makers. Awareness raising, public information campaigns, and the role of media are very important in facilitating information exchange and pressurizing the responsible authorities for action. World Habitat Day observations at national levels constitute good opportunities for this purpose.
Chapter VI. Programme evaluation, learning and housing policy development

d. Policy summary

- the key to results is a culture which favours learning and rewards performance; strong accountability systems and proper incentives are essential, regardless of the details of any monitoring and evaluation procedures that are adopted. These details will vary greatly from one context to another.

- monitoring systems must be rooted in the local without losing sight of the need to generate data on key aggregate indicators which can be used to make decisions on resource-allocation at the level of the city as a whole. Identifying a small, manageable and meaningful set of core indicators is important, but so is leaving maximum room for manoeuvre at other levels. The Urban Indicators Programme needs to take this into account.

- the focus of capacity-building should be on innovative methods, participatory procedures, and the attitudes required to make room for these things in planning and policy-making. Learning and monitoring are the responsibility of all the actors in the housing process, not of government officials alone. Bringing governments at all levels, NGOs and the private sector together in joint learning exercises with strong feedback loops to action, is crucial.
Chapter VII. Conclusions and recommendations

This report has argued that the diversity, complexity and dynamism of housing processes and their interaction with wider forces in politics, culture, social change and the economy makes standard lists of prescriptive policy recommendations redundant. To say, as most past international policy documents do, that "governments should" do any number of things may have a rationale in the abstract but ignores the real forces which produce change on the ground. In the aftermath of the Habitat II Conference there is a sense that all those involved in the struggle for adequate housing are searching for new answers in a new world context. African NGOs at the Habitat II Conference in Istanbul captured the spirit of this new atmosphere well:

"what has become clear to many African urban-based NGOs is that we have to work with the spaces 'in between' - in between tradition and modernity, public and private, global and local, cost-effectiveness and basic needs...a place where researchers and activists develop new methodologies for understanding urban realities, and collaborate with government and others on planning and action without a sense of something being lost or threatened in the process" (African NGO Habitat II Caucus 1996, pp9).

The emphasis here is on innovation and learning, new relationships and changing roles, and flexibility without a loss of focus or erosion of principle. Given the widely-varying conditions of rapidly-growing smaller cities in Sub-Saharan Africa, huge but stable megacities in Latin America and Asia, and the special case of cities in the former Soviet Union, blanket policy recommendations are unlikely to be relevant.

Instead, the report has argued for a focus on "minimum standards" of various kinds - a small core of policy guidelines which leave maximum room for adjustment at the level of detail while ensuring that key bottlenecks are addressed, pressure points are utilized, and basic needs protected. If this approach is to work, these core measures and minimum standards do need to be prosecuted vigorously; otherwise, flexibility can be a mask for inaction and diversity a cover for exploitation.
Chapter VII. Conclusions and recommendations
a. Areas of housing policy consensus

Is there already a consensus among policy-makers on what falls into core areas? The following would probably gain widespread support:

- a strong "enabling" local authority combined with properly-functioning markets and independent civic organizations working within a framework of representative governance, clear accountability, and a culture of learning.

- a focus on key supply-side measures to bring increased amounts of land and finance onto the market, applied consistently over the long term, overseen by government authorities at appropriate levels to achieve coherence in the expansion of the city and its infrastructure without undue externalities.

- making maximum use of the linkages which exist between housing and wider economic, social and environmental goals, especially the potential of housing investments to contribute to poverty-reduction through labour-intensive construction and support to small-scale and community-based production.
Chapter VII. Conclusions and recommendations

b. Areas of housing policy disagreement, and priorities for the future

Few would argue with these general guidelines, but consensus does not extend to every issue in housing policy, and the differences that do remain are important ones. Often, they reflect differences of emphasis rather than principle, especially on the core issue of markets. These are the issues that are priorities for further research, action and sharing of experience.

- the first of these issues is how to help poor people reap more of the benefits of the housing process. Urbanization is inevitable, but the distribution of its costs and benefits can be influenced by policy choices. However, it has proved difficult in both market and non-market settings to achieve a fair distribution of these costs and benefits: the combination of imperfect markets, a highly-unequal distribution of income, and a weak state apparatus discriminates against the interests of those with less economic weight and political voice. Direct investment in poor people as producers, new forms of property rights which achieve security without the costs of full commercialization, and guided incremental development which enables wealth to be retained in the community as settlements develop over time, are ways of re-directing more of the benefits of housing to poor people. Such measures must be backed by action at deeper levels to increase the economic and political power of the urban poor.

- the second issue, which is closely linked to the first, is how to find and maintain the right balance between market liberalization, government intervention, and social mechanisms so that both efficiency in the use of resources and effectiveness in the pursuit of social and environmental goals can be secured. If the balance moves too far towards liberalization, there is a danger that corporate interests will benefit at the expense of the poor; conversely, if regulation is too heavy-handed there is a danger that housing shortages and conditions will decline still further. Large-scale action on the supply side to increase the availability of housing inputs, positive incentives to private actors to pay attention to equity considerations, and graduated de-regulation with special measures to protect the poor, are key measures here.

- the third issue is how to turn small-scale experiments and successful innovations into sustainable, large-scale solutions. Examples include public-private partnership, social or community-based production systems, NGO credit schemes, and measures to ensure that issues of difference are incorporated into mainstream decision-making. Progress in these areas is visible, but is still the exception rather than the rule. The recent expansion of credit provision for low-income groups from its initial success in Bangladesh and elsewhere to a dominant theme in international development assistance shows what can be done given commitment and political leadership.

These dilemmas are clear, but the answers are not. Indeed, there are probably no answers to such questions in absolute terms - only a range of opinions based on belief and experience. If that is true, the logical priority must be to support local efforts to find some answers and to negotiate acceptable compromises in the pursuit of different goals. That means strengthening the capacity of poor people to participate effectively in the search for solutions and in decisions about priorities. The emphasis is on the
"journey" as well as the "destination."
Chapter VII. Conclusions and recommendations

c. Local responsibilities

Neighbourhoods are the place where all solutions begin and end, and the basic unit for operationalizing the principles of sustainable development. Better housing policy must be grounded in the reality of life at local level. A policy that ignores these realities or is imposed from above will have little influence over events, and if it does it may well make the situation worse. So communities, civic organizations and the private sector must be involved in debates about housing policy, be represented in the machinery of decision-making, and participate in monitoring policy impact on the ground. That is the foundation for good policy in any field. With more access to housing inputs and stronger links to the wider financial and institutional systems of the city, people and their organizations can achieve remarkable results.

At the national and municipal levels, governments must do what communities and markets cannot do by themselves - undertake sufficient intervention to address supply constraints, guide the process of urban development using infrastructure and public transport, and get the legal and regulatory framework right. This includes large-scale extension of secure claims to property, representative mechanisms for resolving differences and disputes, and transparent rules which correct demonstrable externalities at reasonable cost. With adequate resources, strong leadership and the necessary managerial capacities, governments can be the prime actors in helping others to secure adequate housing for all.
Chapter VII. Conclusions and recommendations

d. International responsibilities

Especially in an era of globalization, the governments of industrialized countries and international agencies play a key role in ensuring that macro-economic conditions are favourable to housing development at local level and that global regimes (in trade and financial flows, environmental regulations and so on) do not penalize the poorest countries and their interests. Debt-relief and fair trade are pre-requisites for the kind of economic framework that mass improvements in housing require. Current attempts to shift the international system from intervention to co-operation must continue, with more attention to local ownership over policy and decision-making, greater coherence in aid and related policies, and more consistency and continuity in the flow of resources. South-South networks, mutual learning, and the exchange of experience should receive higher priority in aid allocations - the example of the India-South Africa link facilitated by the British NGO Homeless International shows what can be achieved with few resources but large amounts of commitment and imagination. The experience of SPARC in Mumbai (Bombay) has been invaluable in helping South African NGOs to develop their approach towards housing issues, including credit schemes, community action planning, and links with local government (UNCHS 1996b). Although foreign aid is never the main ingredient in successful housing strategies, it can play a crucial role in unlocking resources from private capital markets, financing capacity-building initiatives, and Apump-priming" innovations which are too risky for markets to support. Even if development assistance as a whole continues to stagnate, the share for housing development has to increase if it is to take advantage of the economic and poverty-reduction potential of housing investment.

Improving the effectiveness of external assistance to housing requires reforms in the way aid is provided, both by individual donors - moving towards longer-term programme funding which leaves more room for iteration at the level of implementation - and between different donor countries - increasing co-ordination and reducing the number of overlapping initiatives and special funds. Multi-agency funding consortia focused on key policy areas (such as capacity-building) represent a good way forward, backed up by criteria which are based on actual performance rather than conditions set by donors in advance. Some examples of useful recent innovations in donor policy are given in box 14.
Chapter VII. Conclusions and recommendations

e. The role of UNCHS (Habitat)

UNCHS (Habitat) has played a key role in the development of more effective housing policies to date through its research, technical cooperation and information activities, capacity-building functions, and its voice as the leading advocate for shelter improvement within the international community. In the follow-up to the Habitat II Conference, the importance of these roles will grow, but given the increasing number and diversity of institutions involved in housing delivery, and the complex linkages which exist between housing and the wider environment, it is pointless for any one organization to attempt to "co-ordinate" the efforts of all the others according to some central plan. This is especially true of UNCHS (Habitat), which has limited resources and a smaller operational capacity than many other international agencies with an interest in the same issues. It is therefore imperative that UNCHS (Habitat) focuses its energies on a core set of activities which can act as catalysts for change; finds a role which adds genuine value to the activities of other organizations; and concentrates on initiatives with a high "multiplier" effect so that small-scale interventions can breed large-scale impacts. In general terms there are a number of areas which meet these criteria:

- by standing back from the details of operational programme work and individual agency activities in the housing field, UNCHS (Habitat) can focus its resources to provide an essential, global overview of housing-related initiatives, monitor their progress in the aggregate, and identify important gaps which require further research or action. No other institution can do this.

- by acting as an independent interlocutor and a neutral, respected intermediary, UNCHS (Habitat) can bring different actors and institutions together to debate housing issues in national and international fora which ensure that all have a voice - civil society, states, business and donor agencies. Since UNCHS (Habitat) has limited financial resources to disburse and is often perceived as having less of an ideological agenda than many other international agencies, it is particularly well-placed to play this role.

- by concentrating on building capacities and capabilities in key aspects of the housing process (such as public-private partnership and decentralized governance), UNCHS (Habitat) can make a significant contribution to enhancing the ability of others to decide on what to do, and do it effectively. Most other agencies are also re-focusing their activities on capacity-building. For maximum impact, these activities need to be carefully-coordinated and rigorously-evaluated across the board. This is a natural role of UNCHS (Habitat).

- by identifying the cutting-edge issues in housing (especially those where agencies disagree with one-another), UNCHS (Habitat) can focus on a limited agenda for research and experience-sharing which is both manageable and has the potential to lever major policy change. A preliminary set of these issues have been described above: how to secure more of the benefits of the housing process for poor people; find the right balance between market liberalization, state intervention, and social mechanisms; and turn small-scale innovations into large-scale successes. A more focused agenda such as this will yield benefits for UNCHS (Habitat); trying
to do too much over too broad a range of issues will lead to superficial results.

In more specific terms, the "Medium-Term Plan for the Period 1998-2001" for UNCHS (Habitat) adopted by the General Assembly in December 1996 addresses these priorities. The Plan aims to make "a significant contribution to increasing institutional capacity at national and local levels to implement the action areas of the Habitat Agenda" using "an integrated approach consisting of policy advice, targeted technical co-operation, and the exchange of and learning from experience and best practices through networks and partnerships at the international, national and local levels" (UNCHS 1997a, pp2). The Plan has four overall goals:

- assisting countries to implement the Habitat Agenda through their national plans of action.
- servicing the Commission on Human Settlements and enabling it to carry out its new mandate of coordinating and monitoring the implementation of the Habitat Agenda and the assessment of progress achieved.
- facilitating, monitoring and supporting the work of Habitat partners at the global, regional, national and local levels.
- awareness-raising through public information activities on human settlements issues.

And four specific sub-programmes:

- shelter and social services (with a special focus on evaluating enabling policies, learning from experience in partnerships and participation, and removing institutional and regulatory constraints).
- urban management (with a special focus on capacity-building and institutional development at the municipal level).
- environment and infrastructure (concentrating on strengthening capacities for integrated local environmental management, development and transfer of technology related to construction, building materials and infrastructure).
- assessment, monitoring and information (concentrating on monitoring and analyzing major trends in urbanization, the impact of urban policies, and monitoring progress made in the implementation of the Habitat Agenda through the "Global Urban Observatory", support to NGO monitoring procedures, and a stronger capacity to act as a central "clearing house").

The Global Urban Observatory (GUO) combines two significant initiatives undertaken during the preparations for the Habitat II Conference, the Urban Indicators and Best Practices. Initially designed as action planning and learning tools to assist National Committees for Habitat II in preparing their National Plans of Action, these two programmes are now devoted to the systematic collection, analysis and exchange of policy sensitive data and information and of lessons learned from successful practices in improving the living environment. The GUO reach through a global network of training, educational, policy and leadership development institutions and organizations to ensure cross-fertilization of ideas, methods and tools across sectors, countries and regions. The GUO also provides a "template" for governments, at all levels, civic and professional organizations and the private sector to exchange information and working methods for monitoring housing and urban development trends and conditions and the impact of sectoral policies.

Undoubtedly, good policy has the potential to "make a difference" to the goal of achieving adequate housing for all. This report provides an overview of the basic policy framework required to
harness the energy, creativity and resources of all the actors in the housing process to the common goal of sustainable urban development. But policy by itself is not enough. Strong political leadership, poverty-reducing economic growth, and a supportive international community, are all required if policy is to fulfil its potential as a lever for change. With these things in place, there is a chance of fulfilling the vision of Habitat II, to "build together a world where everyone can live in a safe home with a promise of a decent life of dignity, good health, safety, happiness and hope" (The Istanbul Declaration, para 15). That is the true promise and potential of policy.