

# TOPIC GUIDE: Provision and Improvement of Housing for the Poor



Dr Kamna Patel

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## Contents

Abbreviations and acronyms .....	iii
About Topic Guides .....	iv
Tips for using Topic Guides .....	v
Foreword .....	vi
An introduction to the Topic Guide .....	viii
About the authors .....	ix
The provision and improvement of housing for the poor .....	1
An overview of key issues in the Topic Guide .....	5
Innovation in finance .....	7
Tenure and property rights .....	12
Housing provision .....	17
Housing design .....	25
Resilient housing and climate adaptation .....	27
Housing as part of city planning .....	29
Infrastructure and social services in low income areas .....	32
Annotated bibliography .....	40
Bibliography .....	45
Additional resources .....	50
Glossary of key terms .....	52

### List of Boxes

Box 1 ROSCAs, ASCRAs and incremental housing .....	10
Box 2 Community Organizations Development Institute (CODI), housing finance and 'going to scale' in Thailand .....	11
Box 3 Community-Led Infrastructure Finance Facility (CLIFF) .....	12
Box 4 The Community Land Trust Model in Kenya .....	16
Box 5 The Community Mortgage Programme in the Philippines .....	17
Box 6 Rental housing in Nakuru, Kenya .....	20
Box 7 Experiences in social housing in Latin America .....	23
Box 8 High rise high density living for low income residents in Colombo, Sri Lanka .....	26
Box 9 Urban experiments in technological innovations in housing and infrastructure in Mexico .....	29
Box 10 Visions of the city: the role of the middle classes .....	31
Box 11 The politics of decentralization, housing and service delivery in South Africa .....	33
Box 12 Private sector competition and partnership in Maputo's water sector .....	34



## List of Tables

Table 1 Overview of scales of finance for housing for the poor .....	7
Table 2 The role of gender in different systems of tenure found in low income settlements	14
Table 3 A typology of landlords and tenants in the housing rental market .....	19
Table 4 Diversity in rental housing .....	22

## List of Diagrams

Diagram 1 A rationale for housing intervention.....	1
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## Abbreviations and acronyms

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ASCRA	Accumulating saving and credit associations
CBO	Community based organization
CLIFF	Community-Led Infrastructure Finance Facility
CLT	Community Land Trust
CODI	Community Organizations Development Institute
DFID	Department for International Development
GBP	Pound Sterling (UK)
GIS	Geographic information systems
GPS	Global positioning system
GTZ	German Technical Cooperation (now, German Society for International Cooperation, GIZ)
MDG	Millennium Development Goal
NBFC	Non-banking financial companies
NGO	Non-governmental organization
ROSCA	Rotating savings and credit associations
SIDA	Swedish International Development Cooperation Agency
SSIPs	Small scale independent providers
UCDO	Urban Community Development Organization
UN	United Nations
UN-Habitat	United Nations Human Settlements Programme



## About Topic Guides

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Welcome to the Evidence on Demand series of Topic Guides. The guides are being produced for Climate, Environment, Infrastructure and Livelihoods Advisers in the UK Department for International Development (DFID). There will be up to 30 Topic Guides produced 2013-2014.

The purpose of the Topic Guides is to provide resources to support professional development. Each Topic Guide is written by an expert in the field. Topic Guides:

- Provide an overview of a topic
- Present the issues and arguments relating to a topic
- Are illustrated with examples and case studies
- Stimulate thinking and questioning
- Provide links to current best 'reads' in an annotated reading list
- Provide signposts to detailed evidence and further information
- Provide a glossary of terms for a topic.

Topic Guides are intended to get you started on a subject you are not familiar with. If you already know about a topic then you may still find it useful to take a look. Authors and editors of the guides have put together the best of current thinking and the main issues of debate.

Topic Guides are, above all, designed to be useful to development professionals. You may want to get up to speed on a particular topic in preparation for taking up a new position, or you may want to learn about a topic that has cropped up in your work. Whether you are a DFID Climate, Environment, Infrastructure or Livelihoods Adviser, an adviser in another professional group, a member of a development agency or non-governmental organization, a student or researcher we hope that you will find Topic Guides useful.



# Tips for using Topic Guides

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## **I am going to be under the spotlight. How can a Topic Guide help?**

The Topic Guides, and key texts referred to in the guides, cover the latest thinking on subject areas. If you think that a specific issue might be raised when you are under the spotlight, you can scan a Topic Guide dealing with that issue to get up to speed.

## **I have just joined as an adviser. Where should I start?**

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## **I don't have much time. How long should I set aside for reading a Topic Guide?**

The main text of a Topic Guide takes around three hours to read. To get a good understanding of the topic allow up to three hours to get to grips with the main points. Allow additional time to follow links and read some of the resources.

## **I need to keep up my professional development. How can Topic Guides help with this?**

Topic Guides, while providing an overview and making key resources easy to access, are also meant to be stretching and stimulating. The annotated reading lists point to material that you can draw on to get a more in-depth understanding of issues. The Topic Guides can also be useful as aide-memoires because they highlight the key issues in a subject area. The guides also include a glossary of key words and phrases.

## **I would like to read items in the reading list. Where can I access them?**

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- Send an email to the Evidence on Demand Editor at [enquiries@evidenceondemand.org](mailto:enquiries@evidenceondemand.org) with your recommendations for other Topic Guides.



## Foreword

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The purpose of the Topic Guide ‘Provision and Improvement of Housing for the Poor’ is to stimulate thinking about the ways in which investment in the process of housing can benefit the poor. The Topic Guide identifies how development interventions focused on housing are associated with complexity of both input and impact. Land, finance, community organisation, building technology, construction materials, water, sanitation, drainage, planning regulation and building control are just some of the factors that need to be mobilised, accessed and/or managed to produce housing. Improved health, employment, livelihoods, education, wellbeing and citizenship are among some of the associated outcomes.

Globally, the vast majority of housing is built by poor people, with no effective inputs from the formal planning world of governments or from the regularised commercial sphere of banks and financial institutions. All too often poor people not only have to deal with poverty, but also official hostility to the survival strategies they depend on for creating a place to call home. The Guide shows how addressing housing, particularly in urban areas, provides a means of tackling injustice and potentially improving city planning to benefit the poor.

The complexity of housing can prove daunting for development practitioners. Housing development, especially for the poor, requires a relatively long-term perspective and the capacity to integrate resources from multiple sectors. This can be challenging for agencies that are used to functioning in sectoral silos of expertise. For those who persevere with housing, however, the rewards can be substantial because of the wide range of interrelated outcomes that result.

In developed economies housing is usually seen to be a product or a commodity and the housing market is recognised as a crucial part of a national economy. In the global south, where financial markets and land management systems are considerably less developed, housing takes on a different significance. John Turner recognised this in his seminal work *Freedom to Build* (1972). He distinguished between housing as a noun – a house that constituted a product or commodity – and housing as a verb – a process that is ongoing that brings together multiple aspects of the livelihoods of the poor. Turner’s arguments ultimately led to international recognition of the need for governments to take on an ‘enabling’ role in the provision of housing rather than to seek to operate as a direct deliverer of housing units.

In addition the concept of housing was widened within the policy discourse to a concept of shelter, which included the provision of basic infrastructure and social services as well as access to sustainable livelihoods. This paradigm shift in approaches to housing was reflected in a series of international policy agreements including the Habitat Agenda in 1996. Since then, and as urbanisation has increasingly been recognised as a crucial engine of development, the notion of housing has migrated further into a discourse of ‘settlement upgrading’ enabling strategic approaches to ‘slum’ upgrading.

The Topic Guide introduces the reader to the current state of thinking and understanding about housing and its importance to, and its impact upon the poor. Given that the poor live in extremely diverse contexts geographically, politically, economically and socially, the reader should be cautioned at an early stage not to anticipate ‘blueprint’ solutions. The Guide will rather seek to explore a number of key development options that offer opportunities for further research and development. These include the place of housing in city planning, co-production of city level data, the role of basic service provision, the significance of rental markets, the provision of wider and more innovative housing finance, design options in





contexts of rapid densification and ways of using collective approaches to housing development to strengthen resilience against natural disasters and climate change.

Ruth McLeod, July 2013



## An introduction to the Topic Guide

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This Topic Guide presents evidence and analysis of the methodologies for the provision of housing for the poor in order to stimulate the reader's ideas about what housing is and what it can do, and to help inform approaches to housing provision and improvement. The Guide is written to appeal to those who are new to the topic (a glossary of key terms is given at the end of the Guide), and those who are already familiar with housing issues, but are looking for up-to-date evidence (and an understanding of evidence gaps) to remain informed about current debates. An overview of key issues concerning the provision of housing for the poor and their connection to research debates and policy agenda is given on p. 4. The overview is drawn from evidence presented in the remainder of the Topic Guide.

The Topic Guide has an urban orientation, which reflects current practices and debates on housing for the poor in the global South. Furthermore, the challenges of adequate and affordable housing are intertwined with the challenges of urbanization, such as high urban density, competing interests for urban land and a corresponding increase in land prices affecting where the poor can live and their conditions of tenure.

An urban orientation affects the focus of the Topic Guide and its scales of analysis: the Guide explores issues of access to housing, the delivery of housing and its wider implications at the neighbourhood, city and national scale. Such implications include the intended and unintended outcomes and consequences of housing interventions. The Guide also draws inferences about and speaks to the international scale in discussions of policy. Locating the provision of housing for the poor at differing scales helps to identify the different actors involved, the sphere of politics concerned and the horizontal and vertical inter-linkages between actors and political spheres; such knowledge is essential for strategizing housing interventions.

### **What is 'housing at scale'?**

**A practical interpretation of 'housing at scale', and one that is evident in the interpretations of national governments and international agencies, is expanding the delivery of housing across a city typically in large numbers. Expansion can occur through replicating successful housing programmes, and so many governments and agencies have found themselves assessing housing programmes against criteria that includes the potential to scale up the initiative. A common stumbling block to scaling up housing, in this interpretation, is housing finance.**

**Another interpretation of 'housing at scale' is concerned with an unequal distribution of resources in a city. Housing signifies access to and control over land and property. Therefore, scaling up housing means targeting unequal access and control over land. Scaling up housing in this interpretation includes querying the location of low income housing e.g. on the periphery of a city far from good transport links and job opportunities, or clustered low income housing developments that inhibit social integration on class and wealth lines, and in some countries race (South Africa) and religious (India) lines too.**

The Topic Guide is not intended to be a one-stop reference for all housing issues that concern the poor. Rather, having identified salient interrelated topics that concern the access, delivery and the implications of housing for the poor, the Guide presents an overview of key academic and policy debates and some examples of housing provision that



inform the debate. Towards the end of the Guide, suggestions for policy makers, practitioners and researchers to improve provision of housing for the poor are given. Although topics are interrelated, each section (one topic – one section) can be read alone.

At the beginning of this Guide it is important to emphasize that ‘the poor’, who are positioned as the main beneficiaries of housing interventions, are a diverse range of people who share to differing degrees some of the following characteristics that lead to this label: low income, few resources, socially and politically marginalized, and vulnerable to internal and external shocks and stresses. Additionally, socio-cultural characteristics, and the values attributed to them, such as gender, age, class, caste, religion, disability, race, ethnicity, language and physical appearance among others, add nuance to the relationships between housing and the poor.

Use of the label ‘the poor’ masks diversity; it can arise as a side-effect from the use of convenient shorthand, or because of political agendas that seek to homogenize and essentialize, often for opaque purposes. Where ‘the poor’ appears in this Guide it is for the sake of convenient shorthand, although we stress, where it is particularly important to do so, the different characteristics and dimensions of people labelled ‘the poor’ and how these characteristics and dimensions affect the access to, delivery of and implications for housing.

## About the authors

The lead writer Kamna Patel is a Lecturer at the Development Planning Unit, University College London. The Topic Guide was written with additional contributions from Ruth McLeod, Colin Marx, Julian Walker, Cassidy Johnson, Caren Levy, and Alexandre Frediani, also at the Development Planning Unit.

The Development Planning Unit conducts world-leading research and postgraduate teaching that helps to build the capacity of national governments, local authorities, NGOs, aid agencies and businesses working towards socially just and sustainable development in the global south. We are part of The Bartlett: University College London's global faculty of the built environment.

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## The provision and improvement of housing for the poor

### What is housing?

# Housing

### Is...

**Tenure security**  
**Basic infrastructure**  
**Basic services**  
**A building**  
**Property rights**  
**Finance**

*Each is an entry point into housing. There is no set sequence. Entry is strategic to the site, organisation and beneficiary.*



### As...

**A productive asset base**  
**Site of socialisation**  
**Culturally significant**  
*The many generational uses of housing impacts ideas of wellbeing.*

### For...

**Developmental impacts on:**  
**The environment**  
**Health**  
**Disability rights**  
**Livelihoods**  
**Employment and labour markets**  
**Public and personal safety**  
**Empowerment**  
*Housing is an impact multiplier to other targeted interventions.*


Diagram 1 A rationale for housing intervention

“Questions about the consequences of housing in people’s lives can only be asked in words that describe processes and relationships. Housing must, therefore, be used as verb rather than a noun – as a process that subsumes products. Real values are those that lie in the relationship *between* the elements of housing action – between the actors, their activities and their achievements.”

(Turner, 1976, p. 62)

Contemporary conceptualizations of ‘housing’ cannot be delineated from the ideas of John Turner who first rose to prominence in the 1970s and whose ideas are currently enjoying resurgence. Turner stressed that ‘housing’ is *not* that which results in a structure. Housing is a verb, an action, and thus a process that is inseparable from the lived realities of the poor (Turner, 1976). Turner’s significant contribution to housing for the poor was the idea of ‘aided self-help’; that is, that the poor are resourceful, flexible and able to adapt their housing to best meet their needs and priorities, but need help to make their efforts more effective. Thus, housing interventions designed by planners, governments and practitioners ought to acknowledge the agency of the poor and focus on providing services that they cannot easily provide for themselves, such as sewerage and roads, thereby working with the poor and their strategies for wellbeing.

However, Turner’s ideas are not without critique, particularly the lack of attention paid to self-help housing as a commodity. Burgess (1978) argues that the idea of ‘self-help’ as a housing solution is limited without understanding self-help housing as a commodity, i.e. in a capitalist economy it is insufficient to value housing in terms of its ‘use-value’ to its producer and what



it enables a person to do, as Turner does. As a commodity, self-help housing has an exchange value realizable by the producer and others in a market (Burgess, 1978, p. 1109).

The Burgess and Turner debate is relevant across the income and class spectrum of urban dwellers. The predominant mode of housing production across much of the world can be classified as 'self-help' i.e. self-financed and self-built through a process of incremental development, largely because of the under-development of formal housing and finance markets in Asia (excluding East Asia), sub-Saharan Africa and parts of Latin America (UN-Habitat, 2005). Only the very wealthy in these regions, through a small number of banks, have finance options beyond savings and borrowing from family and friends. They tend to purchase formal housing with or without a mortgage. The middle classes tend to self-finance their housing through an incremental process of accumulating finance and spending on construction. Much of this construction takes place on unplanned sites. Low income earners tend to also incrementally build their housing through borrowing on an informal basis and building on unplanned sites (Tomlinson, 2007). The relevance of this 'self-help' reality affects how key issues such as housing finance (see pages 6-11 of this Guide) and land use planning are understood and operationalized by policy makers and housing practitioners, with the challenge to design interventions that reach across income groups in society.

### Housing or shelter?

**Following the 1987 International Year of Shelter for the Homeless, the United Nations General Assembly called for 'A Global Strategy for Shelter to the year 2000'. In this strategy, 'shelter' is defined as the "construction of new housing and the upgrading and maintenance of existing housing stock and infrastructure and services" (UN, 1988). This definition signified a shift in thinking about a home as more than a building; shelter meant infrastructure and services too. Since this conceptual shift, 'housing' has been used as a broad encompassing term to expand the meaning of shelter. 'Housing' refers to process, product and outcomes (see Diagram 1 above).**

In housing interventions for the poor, despite the critiques, Turner's ideas proved popular. His message has been interpreted and reinterpreted in donor policy and development practice over the decades and has influenced 'site and service' schemes popular throughout the 1970s and 1980s. These schemes, developed on cost-recovery principles, made serviced plots of land available to the poor in an attempt to improve living standards while retaining flexibility in housing design and construction. Impact assessments of many site and service schemes revealed flaws in their conception and execution (e.g. Peattie, 1982). Some of these flaws included

- the location of sites away from urban centres and corresponding livelihood opportunities and access to transport infrastructure;
- insufficient compromise in local building standards to accommodate the resource realities of self-built houses;
- their high costs.

This has meant many schemes proved unaffordable to the poor, attracting instead another group of self-builders, the middle classes.

Site and services schemes have largely given way to 'slum' upgrading, better planned greenfield development, and high density low income housing in urban centres. These approaches have dominated housing for the poor since the 1990s and early 2000s (Pugh, 2001). Support for them has been driven by the Millennium Development Goal 7, target 11,



to “improve the lives of at least 100 million slum dwellers by the year 2020” (UN, 2000)<sup>1</sup>. Such approaches have also been bolstered by UN-Habitat’s seminal report on *The Challenge of Slums* (2003b), and UN-Habitat and World Bank supported programmes, such as the ‘Cities without Slums’<sup>2</sup> campaign launched in 1999, and later the ‘Participatory Slum Upgrading Programme’<sup>3</sup> launched in 2008.

These contemporary approaches to housing tackle to varying degrees design flaws in traditional site and service schemes – particularly the attention paid to location. However, in their execution, many have also shifted away from Turner’s still relevant notion of ‘self-help’ and the principle that the end point of a housing scheme is not the structure, but what the structure and related services (including tenure security) can enable in terms of improved wellbeing for the poor.

Turner’s ideas have influenced, or rather can influence, approaches to housing provision in two ways: the processes of designing and implementing housing schemes and the participation of poor people; *and* the outcomes of housing schemes in terms of their ability to complement the strategies of the poor. The resurgence of Turner’s ideas is evident in the former and examples are given in this Topic Guide. But this resurgence is less evident in the latter, where (perhaps undue) importance is placed on quantitative targets and visible indicators, e.g. improved lives for 100 million slum dwellers and ‘cities without slums’, for assessments of housing provision, rather than assessments of housing outcomes.

### **What does it mean when we say ‘affordable’, ‘adequate’, ‘efficient’ and ‘effective’ housing?**


**These four terms can set the lens through which we look at housing challenges, consequently encouraging a technical understanding and approach to housing for the poor that suits project and programme-based planning. However, these terms are laden with many assumptions. For example, debates on the ‘affordability’ of housing make major assumptions about property rights and their relationship to the land market. Without questioning the dominant paradigm, thinking creatively about ‘affordability’ can be limited from the outset. It is important to recognize that where these terms are employed in approaches to housing the assumptions they carry are identified and questioned in a wider context where affordable, adequate, efficient and effective housing is a way to address inequality in claims to, rights over and uses of space.**

It is in this context that the timeliness of this Topic Guide becomes apparent and the necessity of not focusing on ‘innovations in housing finance’ or ‘approaches to property rights’ in isolation from the bigger question of ‘what is the purpose of housing for the poor?’ There are significant practical and theoretical challenges to understanding and engaging with the relationships between housing and the poor, and this Topic Guide sets out evidence in current practice and thinking as a basis on which to think creatively of ways forward. For

<sup>1</sup> Meth (2013) argues the aspirant value of this target in many cases dovetails with views held by powerful elites on “the ‘indecent’ of informal living and the corresponding desires towards ‘formalisation’ (often through eviction and demolition)” (p. v). The MDG has an aesthetic value that may judge and criminalize the poor.

<sup>2</sup> Huchzermeyer (2007) argues ‘cities without slums’ is an unfortunate and problematic use of language which can imply an aggressive anti-poor tone, and has been used to justify forceful eviction of the poor from cities by national and local governments.

<sup>3</sup> This programme takes a networking approach to develop linkages between local, national and regional actors from different spheres of governance for the design, implementation and on-going maintenance of ‘slum’ upgrading initiatives. Currently 34 countries are part of the programme (UN-Habitat, 2013)



example, the greatest challenge currently facing researchers, policy makers and practitioners in the field of low income housing is understanding the relevance of the fact that the vast majority of the urban poor rent or sub-rent their homes, and most are unlikely to afford homeownership. Understanding this fact means re-thinking conventional approaches to land titling and property rights, the design of buildings, housing finance, housing provision and city planning.





## An overview of key issues in the Topic Guide

Key issues in low cost housing provision and improvement and infrastructure services	National and international policy debate around the issue	Emerging evidence around the issue
Innovation in finance	Expanding mortgage markets and building the capacity of formal financial institutions to provide mortgages to low and medium income borrowers.	There is a need to expand the number of finance products available to those with a low or medium income, especially medium- to long-term finance. This means bundles of finance providers and products across the informal-formal spectrum.
Land tenure and property rights	Dominance of individual freehold titling as a means to attain poverty reduction goals – based on the idea that titles are the best type of property right and are an asset with a realizable value. A growing body of evidence places caveats to that claim and is slowly influencing policy.	‘Tenure security’ is a relational concept influenced by experience and local and national social, economic and political environments. The absence of <i>de jure</i> tenure security is not the absence of tenure security. Property rights change over time (not just in an evolutionary sense), but to accommodate or deny social changes and political preferences. Rental tenure needs urgent policy attention.
Housing provision	Processes, costs and management of ‘slum’ upgrades and new build developments on relocated sites; policy debate tends to focus on comparing and contrasting upgrades and new build developments.	Decades of research on social housing for renters in towns and cities (flexible housing options for migrants – short stay urban dwellers; and affordable housing for short- and long-term urban dwellers) is not translating into national housing policy. The evidence illuminates the politics of housing provision.
Housing design	Efficient use of space through construction of high rise buildings, terrace and multiple occupancy dwellings to effectively use expensive urban land. Effective uses of space are tied with participatory processes in housing design.	A focus on efficient land use is not the same as just land use. Issues of housing design are not only technical or (participatory) process issues, but concern the uses of techniques and processes for inclusive and just outcomes.
Resilient housing and climate adaptation	Climate change as a cross-cutting issue must be factored into all aspects of development. At the city scale, adaptation to climate change is a key component in city management.	The poor, particularly those living in informal settlements, often develop a range of coping strategies that can be substantially improved through careful relevant municipal support, particularly in drainage. Although, the rubric of ‘climate adaptation’ can provide a justification for local authorities to take actions, such as the relocation and eviction of poor people; actions for ‘climate adaptation’ need to be carefully monitored.
Housing as a part of city planning	Lack of reliable and consistent information on the city (e.g. cadastral survey, infrastructure maps and population data), inhibits all aspects of city planning and limits the	A lack of reliable and consistent data is only part of the reason why the integration of low income housing with the wider city apparatus has stalled. The way in which we think about property affects the politics of claims to space in



Key issues in low cost housing provision and improvement and infrastructure services	National and international policy debate around the issue	Emerging evidence around the issue
	possibilities of holistic approaches.	the city.
Infrastructure and social services	Strengthening local government capacity and exploring opportunities for partnership models to improve access, provision and maintenance of service delivery.	Complex and overlapping systems of governance forge the environment in which partnership models develop. Partnership models are not inherently equal or fair. There is a lack of evidence on delivery challenges/opportunities in areas prone to violence.

## Innovation in finance

Financing housing interventions for the poor requires a compendium of finance providers to service a range of actors – from local governments charged with developing housing schemes, to the intended inhabitants of such schemes, the poor. National states, international donors, commercial banks and community based organizations (CBOs) all play a role, at different scales, in building a housing finance system that suits the material realities of the poor. Housing is costly – the top structure, bulk infrastructure and land prices in urban areas are expensive. In mainstream housing markets these costs are typically passed on to the buyer with a margin sufficient enough to encourage private sector investment. In delivering housing for the poor, housing finance options need to address both the supply of *adequate* housing and address *affordability* for potential buyers (and renters) in a competitive urban land market. Current policy discussions centre on the absence of formal finance options which stall the delivery of housing at the scale of the city; ‘scale’ concerns sufficient housing in both in number *and* location.

**Table 1** gives a basic overview of the scales of finance in housing for the poor, it is not exhaustive. The financial services listed are employed to both increase low income housing supply (including through self-build at the neighbourhood level) and enable the purchase of property. It does not adequately cover finance for rental housing which reflects a sizeable research gap.

**Table 1 Overview of scales of finance for housing for the poor**

Finance actors	Scale <sup>4</sup>	Types of financial services
International donors – bilateral donors and international NGOs	International	Technical assistance for housing programmes and capital financing through a range of funding instruments
Regional development banks and World Bank	International	Loans or project preparation grants for housing programmes and housing finance facilities, designed in collaboration with state or private sector actors
State-owned banks	National	Loans to housing developers (which may be public or private); loans typically have favourable rates
Regional or state facilities	National; regional	Capital finance, finance to developers on reimbursement principles
State-controlled housing funds	National; regional	Subsidies to housing developers; these may include land to develop, services and infrastructure, financial subsidies
Commercial banks, building societies	National; regional; city	Loans to housing developers and mortgage finance to individuals and some groups
Microfinance	National; city; neighbourhood	Microfinance groups with national coverage; typically lend on a short term basis to individuals
Municipality, local government authority	City	Finance generated by property rates and taxes to fund their own role as housing developer or to sub-contract developers

<sup>4</sup> At the neighbourhood scale, wealthier residents are less likely to require the services of CBOs and are more likely to use personal savings, loans from friends and family, and mortgages from commercial lenders to either purchase property in the formal market or construct their own house.



Finance actors	Scale <sup>4</sup>	Types of financial services
Partnership models	National; city	Co-financed housing delivery between public, private and sometimes third sector developers
CBOs	Neighbourhood	Savings and credit groups; microfinance
Credit providers	City; neighbourhood	Local merchants provide credit e.g. for building materials
Co-operatives and credit unions	National; city; neighbourhood	Semi-regulated, provide loans that can be used for housing upgrading and land purchase
Friends, family and other informal lenders	Neighbourhood	Informal and varied financial arrangements. Under cultural norms, access may be mediated by gender or other characteristics. Technology plays a growing role in enabling the transfer of funds (e.g. mobile money, remittance through e-transfers)


The schema in **Table 1** illustrates a wide range of finance actors and services. It also illustrates a gap between informal and formal finance options directly available to poor women and men. Formal housing finance options operate and assess risk on the basis of a specific housing development process. Land is formally purchased; buildings are built using standard materials and to established building regulations and standards. In the case of self-build the individual or family then moves in, or, if the house was built by a developer, it is sold on the property market. The buyer or self-build developer typically requires a long-term loan against the property, such as a mortgage, to afford housing built in this way.

However, in informal settlements, typically, land is identified; a building is quickly erected on it made of locally available materials and to no established standards; and an individual or family move in. Gradually, as money becomes available through loans or savings, the building is expanded or building materials upgraded. Building in this way requires short term finance. In some cases re-built shacks are sold on the informal property market, which typically demands upfront payment or informal deals between the buyer and vendor. The realities of how most housing for the poor is built cannot be accommodated within the risk assessments made by formal finance institutions.

Within neighbourhoods, the most accessible types of financial products available are short-term finance options and, in the case of microfinance, at a high rate of repayment. Medium- and long-term finance options are lacking for low income dwellers. While mortgage finance can fill that gap, commercial banks are reluctant to enter the finance market for low income and informal sector borrowers. McLeod (2006) argues that commercial banks in their engagements with the poor are 'risk averse'; they are put off from this sector by the high risk + low profit = poor investment equation. In South Africa, for example, national government has struggled to interest commercial banks in making loans to the poor for housing.

However, non-banking financial companies (NBFC) that engage in housing finance may suggest a way forward. NBFCs are registered companies that offer bank-like services including loans for property development, but cannot accept deposits and so differ from banks. In India, housing finance companies, registered as NBFCs, are regulated by the National Housing Bank<sup>5</sup>. They tend to target a customer base that banks cannot reach e.g. the self-employed. However, the capacity and willingness of housing finance companies to target those living and working informally with low and irregular income is unclear. So, while

<sup>5</sup> Shriram Housing Finance Ltd. is an example of a housing finance company in India. See [www.shriramhousing.in](http://www.shriramhousing.in) for details of their operation.




there could be potential to innovate with this finance structure, weak income security, the low market value of a house in a housing development for the poor, and a highly political environment in which a bank or NBFC may not be able to repossess a house, makes low income housing a high risk commercial investment.

With respect to mortgage markets, FinMark Trust's 2012 Yearbook on Housing Finance illustrates that mortgage markets in Africa on the whole are extremely underdeveloped. In 17 out of 22 African countries in their study, mortgages represented between 0.07 percent and 4 percent of GDP (FinMark Trust, 2012). In Tanzania, for example, a mere 9 percent of the population accessed any formal finance at all (i.e. financial institutions supervised by a regulator). The report estimates that only 3 percent of the total population are likely to afford mortgage finance (Mutero/FinMark Trust, 2010, pp. 8-10). These findings illustrate that for low *and* medium income people, mortgage finance is not a significant way in which housing needs are financed. This suggests that policy agendas that favour the expansion of mortgage markets do not speak to the current housing finance realities of the poor, particularly in sub-Saharan Africa.

The absence of medium and long term finance options for the poor affects the type of housing development that is possible. The way in which housing finance is structured is closely related to the way in which housing is developed. Housing built at one time requires upfront financing; this can usually only be accommodated through a long term loan, such as a mortgage. By contrast, the incremental upgrading of housing requires short time finance that is flexible enough to suit the needs of the homebuilder or homebuyer, particularly with manageable repayments. The poor engaged in incremental improvements tend to draw from a range of financial service providers, including saving and credit groups, loans from family and friends, arrangements with informal moneylenders and microfinance loans. Funds procured in this manner tend to be a series of short term loans (see **Box 1**).

Where mortgage finance for the poor is not possible, the challenge for governments, NGOs and CBOs is the provision of long- to medium-term finance to increase the range of options available to the poor. However, while this may address the challenge of scale in terms of the numbers of quality housing, it does not necessarily address the location of this housing or the risk associated with the location. Incremental improvements occur on sites where poor people already live. These sites tend to be on land deemed undesirable for use by wealthier urban inhabitants, or, depending on location, sites that were marginal and have now increased in value which increases the risk of eviction (e.g. Dharavi in Mumbai). This can heighten the risk of lending to the poor for incremental improvements, and can place at risk the investments the poor have made in their property.

For the poor, housing can be a site of savings and labour and capital investment, as evidenced by incremental improvements to housing i.e. housing is an asset (Berner, 2001). As Burgess (1978) might note, extensions to one's home or physical improvements through labour and capital inputs has a commercial value realizable by the builder and potential buyers through the sale of property. Depending upon its location, the value of property may increase over time irrespective of capital and labour inputs. To develop a holistic understanding of the relationships between the low income property market and the low income finance market, and how a poor person negotiates the two as a part of their strategy for wellbeing, it is important to recognize housing is an asset with a realizable financial value. In viewing housing thus, the importance of tenure security to protect the value of the asset comes to the fore.



### Box 1 ROSCAs, ASCRAs and incremental housing

Neighbourhood level rotating savings and credit associations (ROSCAs), accumulating saving and credit associations (ASCRA) and their variants (e.g. *stokvels* (southern Africa); *seettuva* (Sri Lanka); *susu* (West Africa)), are socially managed funds through which members take it in turns to be creditor and debtor – all members put money into a pot and take it in turn to draw from the pot. Funds are distributed among members in ways that they determine.

Interpersonal relations, and the social and cultural norms that regulate them, are essential for the satisfactory management of the fund and for establishing barriers to entry. Typically the funds are small (creditors must all be able to contribute equally and frequently), but sizeable enough for members to make relatively large one-off purchases; this makes them an ideal source for small scale housing finance.

However, the irregular finance of a one-off loan from the fund is insufficient for anything other than incremental improvements – one room at a time and when finances permit. Smet (2000) found that funds from a ROSCA were typically supplemented with loans from friends, family and moneylenders, and that membership of the ROSCA sometimes served as collateral. For some borrowers this created a spiral of debt with peer pressure and demands for repayment leading to distressed behaviour and heightened vulnerability. Furthermore, access to these groups requires social networks and strong levels of trust between members. While savings groups can strengthen or consolidate these social bonds, they may do so while excluding others e.g. newcomers to an area or minorities within the settlement. Smet writes, “they can work for some people under certain conditions” (2000:28). Furthermore, it is difficult for savers to withdraw money from such schemes, making it difficult for the poor to manage risk and unexpected costs (UN-Habitat/Cities Alliance, 2011a, p.18).

Ferguson and Smet (2010) added to this picture and found different sources of informal finance were used at different stages of home construction. They found that the numbers of sources of funding dropped as people’s housing projects progressed; that is, initial improvements required greater sources of finance. Unfortunately, many of these sources of funding are unreliable beyond a short term and typically incur high repayment costs. Their inability to meet different finance demands limits their potential for transformative improvements to housing for the poor. However, informal finance as a rung in the housing finance chain is invaluable and necessary alongside formal finance options. As demand for finance is set to expand alongside the urban population, a mix of reliable medium- to long-term finance alongside easy to access informal funds is required.

Sources: Smets (2000); Ferguson and Smets (2010)

ROSCAs represent one aspect of the low income finance market that has proved popular for financing housing improvements. Early research on ROSCAs found that members could use their membership to negotiate access to other sources of funding. This research finding mainly concerned the individual; however, recent innovations in housing finance have taken this lesson and applied it to a group. Where saving and credit groups are apparent in neighbourhoods they can and do provide evidence of organization, financial capability and financial management capacity, so that with the help of well networked CBOs and NGOs particularly, groups of the urban poor can negotiate access to better terms of credit and support (including political support) for housing development (see **Box 2**). Thinking collectively about finance organization and management for low and medium income groups is a powerful way to innovate in this sector; a good example is the DFID supported CLIFF (see **Box 3**).




## Box 2 Community Organizations Development Institute (CODI), housing finance and 'going to scale' in Thailand

CODI is an innovative approach to housing finance in that it is a state fund within a state agency that provides group finance directly to communities of the poor. CODI was founded in 2000 with the merger of the Rural Development Fund and the Urban Community Development Organization (UCDO). The UCDO was founded in 1992 as a special unit within the National Housing Authority. Its primary activity was to provide group loans to communities for housing and land at a state-subsidized interest rate. UCDO eventually began linking community groups into networks to try and scale up its work. It would then lend to networks who in turn lent to community groups – the strength of community organization was central to the success of the organization and for sustainable outcomes. As the financial abilities (saving and repayment) of these groups strengthened, city-based networks were forged that could work directly with city authorities such as the Bangkok Metropolitan Authority. The merger and formation of CODI created a finance facility with national reach and ability to scale up this methodology of housing finance and community development. To date, CODI has worked in 277 cities/districts in 76 provinces across Thailand and lent THB 4,851 million (approx GBP 103 million) to 655 communities. CODI has a capital fund of approximately GBP 56 million and a project budget granted by the central government on an annual basis. In 2009 this budget was approximately GBP 60 million. CODI is a large scale operation. CODI works directly with community networks or community groups (never with individuals or households) providing grants or loans for a range of activities including: collective housing and land development (land acquisition, housing construction and improvements), micro-credit and community welfare funds. These grants and loans are offered alongside technical assistance and training for community members in financial management, land surveying and community media, for example, depending on the project. CODI also lends to NGOs engaged in community development work.

CODI's work is best illustrated by the Baan Mankong Collective Housing Programme which was developed in response to a government policy announced in 2003 to provide secure housing to a million low income households within five years. Baan Mankong (which means 'secure housing') had a target to deliver housing, living and tenure security in 2000 poor communities in 200 Thai cities/districts through infrastructure subsidies and housing loans from government to poor communities. The funds were channelled by CODI. The process differed from most other housing programmes in that it was community led. Baan Mankong did not pre-select settlements for housing and infrastructure upgrades, eliminating scope for patronage politics. Instead CODI used established community networks and facilitated representatives of low income settlements across cities to come together, meeting with other residents, municipal officials and other stakeholders to decide pilot sites for upgrade and what the upgrade would consist of. Decisions were made principally on the basis of 'achievability'. The main function of Baan Mankong was to provide flexible finance and support community organization. To this end, CODI supported low income communities to form cooperatives, develop collaborative housing, and secure group title to discourage speculation. The community-led process encouraged women particularly to engage in grassroots activism, and those who were already engaged were able to play a leading role in bringing housing finance to their community, improving community-wide perceptions of women and their capabilities. The collective holding of land and collective housing development also serves to protect women and children's interests in property.

In 2005 central government approved funding for a further four years to expand support to upgrading efforts. Achieving scale is a constant target and challenge for CODI, and recent efforts have turned to establishing city-level capital funds.

Sources: CODI (n.d.); Boonyabancha (2005); Boonyabancha (2003).  
Also see <http://www.codi.or.th>



State-led housing finance schemes in themselves are not the solution to housing finance for low income settlements. What CODI illustrates is that attaining scale in housing delivery requires a flexible financial system that pairs state funds with the collective needs of low income people in ways that build the financial competency and management skills of poor people.

### Box 3 Community-Led Infrastructure Finance Facility (CLIFF)

CLIFF is a finance facility coordinated by the NGO Homeless International and (as of 2012) eight community-based 'Implementing Partners' in 11 countries. It is funded by DFID, SIDA, the NGO Homeless International and local capital raised by Implementing Partners. CLIFF arose from research on finance gaps in low income housing (e.g. Morris, 2006).

Morris (2006) found that NGOs and CBOs were innovative in developing infrastructure and housing solutions at low cost, but that it was not possible to scale up localized initiatives because of a lack of access to finance. These locally based organizations were deemed a high risk for investment by formal financial institutions and were unable to operate on reimbursement principles for government subsidies.

In this context CLIFF aims to increase poor communities' access to commercial and public sector finance for medium-to large-scale infrastructure and housing developments. CLIFF provides two finance services: *organizational funding* to Implementing Partners to build capacity and prepare them for *project funding* – this is a capital fund used to purchase land, materials, project management, etc. Implementing Partners are encouraged to phase out the need for organizational funding and to replace it with income from projects. Capital used for project funding is recovered through the savings of residents, donations, government subsidies, user-end loan repayments and so on, and is recycled to fund new projects. CLIFF is a self-sustaining interface between informal and formal finance that not only enables building at scale, but builds the capacity of low income urban dwellers to participate in urban planning. Based on its past success, CLIFF is looking to expand its influence from housing finance into related areas of housing, such as low carbon housing options.

Source: Morris (2006); Homeless International (2012)

Also see [http://www.homeless-international.org/document\\_no\\_image\\_1.aspx?id=0:59663&id=0:59166&id=0:59153](http://www.homeless-international.org/document_no_image_1.aspx?id=0:59663&id=0:59166&id=0:59153)

## Tenure and property rights

Tenure security and property rights are essential for sustainable housing for the poor. The greatest issues with tenure security and property rights for the poor have been policy interpretations and ensuing practices that conflate and rather narrowly define tenure security and property rights within boundaries such as 'formal', 'legal' and 'regularized', as well as poorly substantiated inferences as to what the absence of formal, legal and regularized land and housing means for the poor (Varley, 2002).

'Property rights' conventionally refer to the legal frameworks and precedents that recognize vested interests in a property (land and whatever development is on it). Property rights may enable or deny individual or group claims to property and establish ownership and the conditions of use including the transfer, sale, mortgage and bestowal of property. The discourse of rights, however, is more nuanced and concerns moral, social and cultural as





well as legal entitlements. For example, people excluded from formal property rights institutions (i.e. rules and systems) may rely on their own normative institutions, or they may use the idea of poor women and men having ‘rights’ to the city as a way to challenge formal property rights institutions. ‘Rights’ in this conception are fundamental principles that ought to guide and influence the physical presence of the poor in urban spaces and their access to and control over land. Through this lens, it is possible to view formal government policy on property rights and what they mean as a powerful tool through which governments can accommodate or deny social changes and political preferences. As Payne (2001, p. 416) writes, “it is clear that the ways in which a society allocates title and rights to land is an important indicator of that society, since rights to land can be held to reflect rights in other areas of public life”.<sup>6</sup>

Tenure concerns access, claims and rights to land and housing (henceforth collectively termed ‘property’) and refers to the conditions under which property is held, used and disposed of. It is worth distinguishing between land tenure and housing tenure; the former relates to land which can be rented out to a tenant (under a lease), and the latter refers to buildings, rooms and bits of rooms that are rented to tenants by landlords. Secure systems of tenure are built upon a common register where the rules of access, claims and rights – and processes of arbitration – are broadly agreed by members of that society (as property rights are). Thus, secure tenure may arise from customary practices embedded in tradition, legal frameworks, and locally accepted and adaptable rules on access and use. In urban informal settlements, multiple informal and irregular sub-systems exist that deliver a range of tenure securities; “informality does not necessarily mean insecurity of tenure” (Durand-Lasserve and Royston, 2002, p. 6).

In theory and in practice there are three distinct types of tenure systems that are particularly relevant to residents of informal and low income settlements (whether they are owners, renters, landlords or squatters). Each is positioned along a continuum of tenure security and rights. These three types of system are tenure security as perceived by residents (*perceived*), as a legal construct (*de jure*), and through everyday practices that establish secure access and claims to property (*de facto*)<sup>7</sup> (Van Gelder, 2010). The three systems refer to managing the risk of contestations to land and housing claims, contestations that can result in eviction, harassment and threats. An understanding of gender is critical to any discussion of the benefits and challenges of different systems of secure tenure and for assessing the value of tenure systems beyond *freedom from* eviction, harassment and threats, to *freedom to* pursue wellbeing, equality and happiness (see **Table 2**).

Perception based tenure security, as defined by Van Gelder (2010), refers to individual subjectivities and the belief that eviction may or may not occur. The reason for this belief is subjectively crafted and is not rooted in an objective assessment of the likelihood of eviction. Distinguishing between perception and *de facto* tenure security is therefore an important consideration in assessments of grounded conceptualizations of tenure security.

*De facto* tenure security is rooted in the idea that security is a relative concept informed by political, social and economic conditions, particularly at the neighbourhood and city scale. For example, if residents of an informal settlement receive official recognition of their presence through local government providing access to drinking water, sanitation facilities or refuse collection, they may regard themselves as tenure secure and act accordingly by investing in their homes, planting crops, and making plans for the family’s future in the city.

<sup>6</sup> Also see ‘Housing as a part of city planning’ for a discussion on the normativity of property rights.

<sup>7</sup> Confusingly, *de facto* tenure security can also be called ‘perceived’ tenure security. It is worth distinguishing between the two, as individuals who perceive themselves to be secure but without evidence to substantiate this perception, may not actually be secure.



Other sources of *de facto* security include the size and history of a settlement – extended occupation of a critical mass of people can help to embed the settlement in the city’s fabric from the perspective of residents, neighbours and local government (UN-Habitat/UNESCAP, 2008). An example of a recent innovation in generating *de facto* tenure security is participatory enumeration. The enumeration exercise has residents of informal settlements document their relationship to land and housing and record their perceived rights. This data is presented to city authorities as a first step towards upgrading settlements and as a way to build political relations and trust. Participatory enumeration can improve the visibility of a settlement and the tenure claims of its residents, and serve as a basis to protect these documented rights, as well as provide an informed database for future planning including for tax collection (UN-Habitat, 2010; Huchzermeyer, 2009a; Livengood and Kunte, 2012).

*De jure* tenure security offers the strongest protection against eviction, but it may not necessarily offer the strongest protection against harassment and threats to property rights. *De jure* tenure security does not mean individual titling, although this is the most common approach to securing tenure in nationally and internationally designed land and housing interventions for the poor, particularly those influenced by the theories of Hernando de Soto (2000)<sup>8</sup>. *De jure* tenure security includes collective or group title, leases and customary ‘titles’ where national legal frameworks acknowledge and protect in law customary practices; it can also include rental contracts for tenants and landlords. These legal tools can help to manage the well documented risks associated with individual titling such as increased commercial speculation in low income settlements, distressed or crisis sales and the downward raiding of settlements (Thirkell, 1996; Gilbert, 2000; Payne 2001). Two examples of collective titling are given in **Boxes 4 and 5** to reflect their growing importance as an approach to urban tenure security promoted by housing practitioners and academics. Other means to manage the risk of commercial speculation and downward raiding includes inalienable property rights, particularly restrictions on the sale of property (as in South Africa for houses obtained under a national housing subsidy), and land law that vests land ownership with the state (as in Ethiopia).

**Table 2 The role of gender in different systems of tenure found in low income settlements**

Systems of tenure	Benefits and challenges through a gender lens
Perceptions based	<p>*Intra-household and inter-generational tensions can arise if we do not question ‘whose perception?’ and ‘under what conditions?’</p> <p>*Depending on prevailing cultural and social norms, widows and women headed households may view their risks of eviction, harassment and threat differently to others in the same neighbourhood. This may be true of certain ethnic groups, religious minorities and foreigners too. So, a foreign woman is likely to have a very different perception of her tenure security than a woman national, even if both are of the same age, religion, similar household composition and of a similar disposition.</p> <p>*For renters, there is very limited research on the gender dynamics of tenant–landlord relations, but it would be fair to assume that there is a gender dimension to perceptions of tenure security and experiences of harassment and threat for both tenant and landlord.</p> <p>*If relationships break down a woman’s tenure may be less secure than a</p>


<sup>8</sup> De Soto has argued, with great influence on the World Bank, DFID and other donors engaged in land reform, that the poor hold assets (e.g. land and housing) but are unable to realise the value of these assets because they are not protected in law and so cannot be used as collateral to access formal finance, thus rendering them ‘dead capital’ (de Soto, 2000). De Soto’s work has driven individual titling as the best system for tenure security. His claims are refuted as a “myth” in a damning critique by Alan Gilbert (2002) and in continual empirical research on the subject.



Systems of tenure	Benefits and challenges through a gender lens
	man's.
De jure	<p>*Formal titles can afford joint and equal legal protection to couples in a relationship, in patriarchal societies protecting the rights of wives particularly (although in polygamous societies second and other wives may be unequally represented in terms of legal protection and disadvantaged in inheritance claims).</p> <p>*In socially conservative and patriarchal societies, rights in law for women may not translate into de facto rights; for example the legal rights of widows to what may be widely considered her husband's property may not withstand cultural pressures to sale or transfer property to a male relative.</p> <p>*There are wider gendered effects of formalizing tenure. For example, elderly women can become more vulnerable with a formalization of tenure status if they find themselves housing adult children which may strengthen family bonds, but also restrict personal independence (Varley and Blasco, 2003).</p> <p>*Under Islamic systems of tenure there are likely to be gender differences; there is little available research on this.</p>
<i>Issues relevant to both de jure and de facto tenure systems</i>	<p>*Based on acceptable cultural norms, access to informal credit secured against property may be restricted to men, and if credit is obtained its uses for (e.g.) income generating activities vary by gender.</p> <p>*Courts or systems of arbitration in the event of property dispute may be gendered in terms of who has the authority to make binding decisions and in their judgements. We need to ask 'do current systems of arbitration represent women and women's interests?'</p> <p>*In the event of eviction, the opportunities available to recover from the shock vary by gender. In some societies married women who marry into a husband's family have fewer social networks they can mobilize in the event of a crisis.</p>
De facto	<p>*Customary or traditional forms of tenure that strongly influence or are aligned to <i>de facto</i> tenure in informal settlements tend to distinguish between the rights of women and men and girls and boys particularly in terms of inheritance. Boys may be favoured over girls, and first born sons maybe favoured over other sons.</p> <p>*Discourses of human rights which can be mobilized to prevent state-led eviction, may conflict within a neighbourhood with widely perceived traditional roles of women and men with regards to property use and ownership.</p> <p>*Local tenure systems may prioritize certain values when assessing tenure claims e.g. length of residence may matter more than gender.</p>

Sources include: Varley (2007); Varley and Blasco (2003); COHRE (2010); Monson (2011)

Different political actors attach different values to these tenure systems. For many policymakers and national governments, the absence of legal tenure security has been confused with a condition of insecurity. This reflects poor recognition of perceived and *de facto* tenure security for residents of informal and low income settlements. There is a growing body of empirical research that challenges the claim that legal tenure security is the only or best type of tenure system for the poor. This body of research challenges the claims attributed to formal legal titles espoused by de Soto, among others, e.g. that legal tenure security is a means to secure credit, increases investment in property, protects rights to transfer and bequeath property, draws informal settlements into formal spaces and meets citizenship demands (Rakodi, Payne, Durand-Lasserve, 2009; Lemanski, 2011; Patel, 2013a; Smit and Abrahams, 2010).



The evidence that challenges these claims is encouraging alternative (and promising) practices towards tenure security without full titling. An example is the Favela Bairro Programme in Rio de Janeiro; this is a programme of upgrading that aimed to integrate informal settlements into the city through infrastructure improvements but without the award of full legal title to residents. Instead the state created exceptional conditions, including special rules on planning and building applicable only to settlements in the programme, to guarantee land use rights to residents which may in the future develop into full legal title. The award of *de facto* tenure security by the state removed much of the politics that surrounds demands for and promises of legal title and enabled a speedier delivery of infrastructure to improve the material realities for poor urban dwellers (for details see Handzic, 2010).

#### **Box 4 The Community Land Trust Model in Kenya**

The Community Land Trust (CLT) model was an experimental approach supported by (then) GTZ and the Ministry of Local Government to award *de jure* tenure security to residents of informal settlements in the secondary town of Voi in south eastern Kenya. Principal approaches to tenure security in poor urban areas across Kenya have been individual titles tied to sites and services schemes, resettlement and, more recently, *in situ* upgrading. In post-Independence Kenya, individual title was seen as a way to break through indigenous communal forms of tenure that were inhibiting growth and agricultural production. Experiences with individual titling schemes in poor urban areas were challenged by the illegal and informal transfer of property after titles were issued (thus the property register was dated and inaccurate), and downward raiding gentrified spaces that were *de facto* reserved for the poor.

The CLT combined communal and individual tenure. Individuals had defined user rights including the right to make improvements upon the land, to value these improvements in any re-sale and to bequeath property user rights, and the community maintained rights over the permissible use of land and controlled its alienation. This approach aimed to restrict absentee land ownership and control land prices in the area covered by the CLT to address issues of affordability. In Voi, the CLT model was offered to residents alongside individual title.

In evaluation studies the CLT model was favourably reviewed by residents. Basset and Harvey (1997) surmise three conditions necessary for the uptake of CLT in Voi. The first was a low market value of land to dis-incentivize speculators. Second, the rules of user land rights were similar to the *de facto* rules of tenure that existed in the settlement (it was familiar). The third was little political interference in the process: local elites did not appear to see any gains in manipulating the process. Midheme and Moulaert (2013) add that the long term success of this model (with a view to creating replicable programmes) demands community-wide commitment and a strong leadership, both of which cannot be manufactured from outside, raising questions about its replicability.

Although this example is particularly interesting for secondary towns and small cities i.e. areas that tend to have the least administrative resources for managing and planning land use.

Sources: Basset and Jacobs (1997); Midheme and Moulaert (2013)

Also see [Video link](#) to a film produced by (then) GTZ on the community land trust model in Voi. The link leads to other videos on community land trusts.



## Box 5 The Community Mortgage Programme in the Philippines

The Community Mortgage Programme (CMP) started in 1988 and is ongoing. The CMP is a model of finance where residents of informal settlements group together, organize themselves as a legal entity (a Community Association) and, with the aid of CBOs and local NGOs (who act as loan originators), acquire a state-backed loan (from the Social Housing Finance Corporation) to purchase the land on which they are illegally settled. This is known as an 'on-site' project. The CMP runs an off-site mortgage programme too for voluntary resettlement. The mortgage term is a maximum of 25 years at an interest rate of 6%. Mortgage finance is mainly used to purchase land, and can be used to develop the site and to build housing. Once the mortgage has been approved, the Title of Ownership of the plot is transferred from the landowner to the Community Association. The mortgage is guaranteed against the title. Members of the Community Association pay individual contributions to the mortgage. If an individual defaults or leaves the Association, the Association finds a substitute borrower who qualifies for membership to the Association to take their place.

Its national level operation and the successful links it has fostered between informal dwellers and formal finance has meant the CMP has received international attention as a noteworthy large-scale state programme to secure the land tenure of thousands of the urban poor.

Challenges to the success of the CMP include a complex tenure system in the country (in part a result of the colonial legacy), which produces competing land claims that need to be resolved before CMP loans are approved. This not only delays the process, but can heighten tenure insecurity during this period of negotiation for long established settlers. Amortization defaults can also be a problem, particularly once residents think the original loan has been repaid.

The growing challenge faced by the CMP is very high land prices across cities in the Philippines, Metro Manila especially. Loans are calculated on the monthly income of an Association's members. This formula does not make land in areas of high demand affordable for the urban poor. It is unlikely that changes to loan terms or interest rates will enable the poor to keep pace with the urban property market.


Sources: The Social Housing Corporation (n.d.); and Teodoro and Rayos Co (2009)

Also see: [http://shfcph.com/Programs&Services\\_CMP\\_Fastfacts.html](http://shfcph.com/Programs&Services_CMP_Fastfacts.html)

## Housing provision

Urbanization and an increasing urban population have a clear impact on the demand for housing in urban areas. A shortage of suitable housing stock (limited by a lack of housing finance at scale, and geology, among other factors) has pushed many newcomers into informal and irregular settlements, including sub-divided formal houses and rooms, with limited housing tenure security.

From the late 1980s, state-led housing programmes have focused on providing housing for homeowners or potential homeowners, often on the basis that homeowners are essential for economically, socially and politically stable societies (a claim that needs to be examined more closely). This focus is evident in the types of housing finance options that states want to make available to the poor. It is also evident in the types of housing investments the state makes directly or encourages private developers to make, such as serviced plots of land on which future homeowners can build, a detached structure as part of incremental upgrading, semi-detached structure, terrace housing and low/high rise buildings. National policy can



play a clear role in directing the nature and use of the housing stock to better accommodate a range of urban dwellers, not just ‘homeowners’ or aspiring ‘homeowners’. Therefore, it is appropriate to consider policy on housing provision alongside policy on tenure security, i.e. to consider types of housing together with issues of rights and access to housing.

For most urban dwellers, renting a home (house, flat, shack, backward dwelling), a room or part of a room is a flexible, affordable option for housing that helps them to realize wider strategies for livelihoods and wellbeing. For example, renting a room close to a place of work may make greater financial sense than trying to purchase a home, particularly if the move to an urban area is not a permanent one<sup>9</sup>. Mobility within urban areas may also be demanded where employment is irregular or a child’s schooling needs demands that people can move to wherever there is work or better schools, in which case, short term rental agreements with landlords are ideal. At different times in life we have different housing needs. The movement of poor people in and to urban areas may also be driven by conflict, natural disaster, and the environmental effects such as drought and flooding (see **Box 5**). Furthermore, in informal settlements, landlords who sub-divide their property or build backyard dwellings for rental are advancing their own livelihood strategies as well as responding to a real demand for housing (see **Table 3** for a typology of landlords).

In sum, not everyone wants to stay in a town or city for the long term, and not everyone wants to own their own home and incur the associated costs of paying rates, utility charges and maintenance costs. There have been many calls for greater attention to this phenomenon (Rakodi, 1995; Kumar, 1996; Gilbert, 2000), accompanied by empirical research into rental housing among and for the poor (Cadstedt, 2010; Amis, 1996; Watson and McCarthy, 1998; Huchzermeyer, 2007). However, despite this, rental housing has received insufficient attention in national housing policy as a viable option for the state to ease housing pressures, generate income for poor landlords and provide adequate and affordable housing *options* that correspond to different stages in people’s lives.

One reason for the lack of attention to rental housing for the poor is the absence of reliable national data on the extent of renting to and for the poor, who rents, from whom, at what cost. There are a number of issues that affect the collection and reliability of data in this field. The first is the sensitivity of the topic: in formal housing rented to low income tenants, landlords and tenants may be fearful to discuss rental agreements if such agreements are illegal or if disclosing them has implications for paying taxes. Second, in multiple occupancy households it is often unclear who is renting and who is not, i.e. it is difficult to identify who is a renter (someone who pays rents frequently) and who is a sharer (who does not pay rent frequently) (UN-Habitat, 2003a, p. 11). Third, social obligations to extended family and kin who migrate to an urban area can mean overcrowded living conditions (which contribute to the dilapidation of the house/shack) and a hidden demand for rental housing (UN-Habitat/Cities Alliance, 2011b, p. 8).

It is therefore difficult to build an accurate, comprehensive picture of the rental market for low income earners and the rental experience. However, we know that renting is the reality for many low income residents of towns and cities across the globe (UN-Habitat, 2003a). And, we can assume that national housing policy and programmes that do not explicitly include renters are inadequate in terms of understanding and addressing the challenges of providing adequate and affordable housing for the poor.

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<sup>9</sup> This discussion is positioned in much of the migration literature as ‘temporary mobility’ versus ‘permanent migration’; the former examines the circulatory movement of migrants who travel between rural and urban areas for reasons that include long distance commuting, re-joining families at weekends and visiting second homes (Bell and Ward, 2000)



**Table 3 A typology of landlords and tenants in the housing rental market**

	<b>Landlord</b>	<b>Scale and type of operation</b>	<b>Likely tenants</b>
<b>*Formal</b>	Public sector landlords (e.g. municipalities, government departments)	Social housing sometimes in purpose built units; tends to be oversubscribed at the city scale. Very few public sector landlords exist anymore.  Civil servants (teachers, police, military personnel, nurses) with often subsidized access to rental accommodation.	Low income citizens who qualify  Medium income professionals in the public sector
	Employer landlords (e.g. accommodation for workers)	Accommodation close to sites of work or study. Profit from rent is not a motive in providing such accommodation. This is common in China, and was common but no long is, in urban areas close to mining sites e.g. Kimberley, South Africa.	Low wage employees (e.g. factory workers), students
	Non-commercial landlords (e.g. housing associations)	Third sector housing providers, non-commercial landlords can be driven by social agendas. They have a greater presence in northern countries than in the South.	Low and medium income dwellers, eligibility criteria may apply
<b>towards</b>	Commercial landlords	Profit-driven, commercial landlords provide large scale housing, possibly tenements. In formal spheres, they target medium to high earners and relationships are governed by a contract.  In informal spheres, slum landlords are an example of commercial landlords. They tend to be absent landlords, they do not live in the settlement. Profit driven they target large numbers of low income dwellers. Rental agreement is not covered by formal contract.	Medium or high income dwellers  Low income dwellers
	Household landlords	Commercial landlords are prolific in fast growing cities.  Either spare rooms or purpose built units are rented through word of mouth. Rental income may be part of livelihoods portfolio, a substitute pension or for future investment. Agreements with tenants tend to be verbal. Includes bed renting.	Low income dwellers
<b>Informal</b>			

\*Formal landlords tend to legally own the structures and/or land they rent and operate within regulatory frameworks. Source: UN-Habitat (2011b, pp. 11-12)



## Box 6 Rental housing in Nakuru, Kenya

Nakuru is the fourth largest urban area in Kenya, located north west of Nairobi in the Rift Valley. Nakuru is one of the fastest growing areas in Kenya with a population growth rate of 5.6 percent per annum, leading to a projected population of 760,000 by 2015 (Post and Mwangi, 2009). Most of Nakuru's new inhabitants live on the periphery of the city on former agricultural land that has been turned over for informal settlement. These settlements have been constructed faster than informal or municipal services can cope. Partly because of these new inhabitants and new settlements, environmental problems are increasing in the city and there is a serious water supply issue (Post and Mwangi, 2009). One of the reasons for this dramatic rise in informal settlements and dwellers is election related violence in 2007 which saw large parts of the population displaced. Dercon and Gutierrez-Romero (2012) explain, "The bulk of the [post-election] violence was reported in Nairobi and the Rift Valley, due to the proximity between feuding ethnic communities in these places. In the Rift Valley revenge attacks which began in Nakuru in late January rose in intensity and spread along the main highway to affect [other] towns" (2012, p.735).

In Nakuru, the relatively easy entry to informal settlements saw new settlements flourish and existing settlements grow to accommodate the new population – who may be long term or short term residents depending on factors that include their ability and desire to return. In existing settlements this new population is placing pressure on informal rented accommodation. In the formal sector too, existing rental housing stock is under pressure from high demand. This has caused some landlords to substantially raise rents, which is threatening to push lower-middle class residents into informal rental (Obiria, 2012). The lack of new land to develop for rental housing and ownership is likely to contribute to further rent increases in the formal sector, and raise the risk of eviction for newly established informal settlements on the periphery. The case of Nakuru illustrates housing issues engendered by a post-conflict situation.

Source: Post and Mwangi (2009); Dercon and Gutierrez-Romero (2012); Obiria (2012)

So, what are the challenges to consider to incorporating rental housing in national housing policy, notwithstanding the varied nature of rental stock and rental experiences in different countries, cities and even within cities? Broadly, there are four significant challenges.

The first is a cultural challenge to reconfigure the importance attached in political rhetoric and policy to homeownership. The power of rhetoric that positions homeownership as the end point of housing policy means that any alternatives to homeownership are laden with assumptions of them being second rate options. An associated cultural challenge is to overcome the myths of renting and landlordism. One such myth is that tenants are poor and landlords are exploitative. Undoubtedly many tenants are poor particularly in informal settlements, but this may not be the main reason for them engaging in rental housing (as described above rental housing can provide flexibility and suit mobile lifestyles). Also, landlords may or may not be exploitative. In informal settlements, evidence suggests that landlords who often live in the same building as tenants (renting a room or part of a room) or in the same settlement tend not to be commercially oriented but opportunistic in finding tenants and spaces to let to them (Kumar, 2011). For petty landlords, income from landlordism can be sporadic and is not reliable, particularly if the landlord's tenure is insecure and he or she is at risk of eviction. Also, rental income can provide a cushion to shocks and thus aid resilience. Schlyter's (2001) paper 'Esther's House – home, business





and lodgers' shelter', illustrates the multiple uses of a home in an informal settlement. Rental income from lodgers who live at various times in Esther's outbuilding and empty rooms in the house (when adult children move out) provides a modest income that helps her to start new business ventures such as beer brewing and ultimately to avoid financial dependence on others. Although there are more commercially oriented landlords in informal settlements who can live in the settlement or outside of it and purpose build tenements or shacks for rent, they too may not be exploitative in their arrangements. Understanding the diverse rental landscape and motivations of tenants and landlords is important to the design of any rental strategy.

The second challenge is regulatory frameworks that support and protect tenants and landlords. Such a framework or multiple frameworks would need to serve the formal and informal housing rental sector. In both sectors the greatest challenge of a regulatory framework would be to provide adequate tenure security to tenants and protect the rights of landlords so that they invest in maintaining an adequate building for rental that meets minimum standards, and thereby improve the overall quality of the rental housing stock. Evidence from approaches to secure tenure in informal settlements for homeowners suggested that systems of tenure security that closely resemble existing practices have a greater chance of gaining legitimacy among users. The relevance of this evidence to rental tenure requires further research.

The third challenge is adequate finance. The supply of rental housing at the lower end of the rental market is characterized by an opportunistic non-professional approach and on the whole poor quality housing. State subsidies and incentives to investors in the low income housing market are two possibilities to stimulate quality supply, although they are costly options (see **Box 6**). On the demand side, to enable low and irregular renters to move out of poor quality housing, direct cash subsidies to landlord or tenant, or housing vouchers to those who qualify, may be two options. However, these approaches may distort the rental market (a major debate in the rental social housing sector in London). This third challenge is being picked up by the World Bank (2012, [Video Link](#)).

The fourth challenge is to recognize diversity in the rental sector; this challenge is directly related to the lack of reliable data at a national and city level on rental housing. **Table 4** is taken directly from UN-Habitat's 2003a report on rental housing and illustrates some of the ways in which rental housing differs between cities and within them, and between countries. The importance attached to different characteristics in each variable depends on the local housing system and cultural and social preferences.

Kumar (2011) suggests two reasons why despite the rich body of evidence on the importance of rental housing for the poor, it remains neglected in policy. He writes, "The changes that housing policy has witnessed over the past 50 years indicate a degree of unpredictability in the adoption of ideas; the construction of tenements gave way to socially inclusive strategies such as upgrading, then to neoliberal land titling programmes and has come full circle in the form of relocation in low-rise walk-up tenements. These changes share two common features: first, they are *politically acceptable*, as they do not upset the status quo; second, they are underpinned by the language of 'ownership', which is *electorally attractive*" (2011, p. 670, emphasis added).

These two reasons may help to explain not only the absence of meaningful policy discussions around these four challenges to rental housing, but also why popular contemporary approaches to housing for the poor such as *in situ* upgrading and new build developments tend not to accommodate tenants or landlords<sup>10</sup>. In Tanzania, for example,

<sup>10</sup> See Payne and Majale (2004) in the annotated bibliography for a comparative discussion of new build development and upgrading.

upgrading and resettlement programmes do not recognize nor compensate landlords for any loss of rental shacks and income, and they do not make any provision for tenants who become homeless in processes of upgrade and resettlement (Cadstedt, 2010).

**Table 4 Diversity in rental housing\***

<b>Variable</b>	<b>Range of characteristics</b>			
<b>Size</b>	Shared room	Room with access to shared services	Self-contained small	Self-contained Large
<b>Construction</b>	None – lot only	Shack/garage	Deteriorating central area tenement	High rise or Detached
<b>Ownership (individual or collective)</b>	Private	Social	Employer	Public
<b>Private ownership</b>	Small scale lodging	One or two rental property ownership	Large scale individual	Large scale Commercial
<b>Income</b>	Very poor	Poor	Middle income	High income
<b>Rental period</b>	Hours	Monthly	Yearly	Permanent
<b>Rent</b>	Moderate	Free	Cheap	Expensive
<b>Maintenance</b>	Dangerous	Substantial problems	Minor problems	No problems
<b>Landlord-tenant relationship</b>	Familial	Informal	Semi commercial	Commercial
<b>Profitability</b>	Loss making or subsidized	Low	Medium	High
<b>Legality</b>	Illegal	Legal contract in illegal dwelling	No contract in a legal dwelling	Fully legal
<b>**Tenure</b>	Perceived	De facto	De jure – individual	De jure – collective

\*The table illustrates diversity of the variable, not relationships between variables. \*\* Tenure does not appear in the original table. Source: UN-Habitat (2003a, p. 25).



## Box 7 Experiences in social housing in Latin America

For decades, governments in Latin America have experimented with social housing programmes to solve a shortage of affordable and adequate housing in their countries. Often driven by socialist agendas to address inequality and improve citizenship (relations between citizen and the state), state-led social housing was high on government agendas. Generally, however, the housing produced by governments was costly and tenants often fell into arrears, which meant public housing institutions were not able to recover their investment or maintain the buildings.

Social housing soon demanded a continual infusion of public money, which, when it was not forthcoming, saw these buildings rapidly deteriorate and in some cases organized gangs moved in. Rojas writes, “The rapid deterioration of government-built social housing has resulted from several practices [...] in order to build the maximum number of houses with limited resources [...]:(i) constructing houses on the periphery of cities, where land is less expensive; (ii) shifting the responsibility for providing urban services to the municipalities; (iii) building a significant proportion of the houses in [high rise] apartment buildings [...] (iv) keeping the houses small; and (v) building the houses with low-cost materials and minimal interior finishing” (2009, pp.107-108).

Mass-scale homes were then allocated to those with similar income levels in vast neighbourhoods that lacked adequate services and public spaces. The legacy of run down social housing poses an urban development and housing challenge today.

Rojas adds, “The premature deterioration of houses and neighbourhoods presents two interrelated challenges: on the one hand, the need to implement a new generation of neighbourhood and public social housing upgrading programmes, and on the other, the need to reform land development regulations and urban development control practices to prevent the creation of problematic neighbourhoods and communities” (2009, p.116).


To Rojas, this is only possible through the coordinated actions and finances of public and private actors in collaboration with other stakeholders. Partnerships are necessary not only during housing construction but, for the effective management of social housing, long after both within a neighbourhood and between neighbourhood and municipality.

Source: Rojas (2009)

So far the discussion on housing options for the poor has focused on rental housing, particularly identifying the challenges to incorporating rental housing strategies into national housing policy and programmes. However, housing provision at scale as a topic, and in the context of *housing options* for the poor, is broader than this. There are multiple modes of housing provision and a range of housing suppliers from the public, neighbourhood (self-help self-build), co-operative, informal, and private sector. In general, to deliver housing at scale requires the efforts of all these actors and the range of housing options they provide.

However, Keivani and Werna (2001) caution that different actors have different motivations that can support or obstruct the potential of housing for the poor. They state (2001, p. 111):

Low income housing provision in developing countries involves an intricate and complex network of relationships between various agents and the state. In designing policies for the expanded provision of low income housing provision in developing countries, therefore, it is important to take account of the social and political context



and dimensions of land and housing supply in developing countries ... This is opposed to solely relying on adjustments to supply and demand which is the basis of the recommendations outlined by the World Bank and its allied writers. Undoubtedly, such adjustments are positive in supporting and expanding the role of the private sector in low income housing provision. However, they are unable to take account of the complex relationships between the different actors and interest groups which ... are played out in cultural, social and political frameworks which are country and even city specific and which directly influence the outcome of such policies.

What Keivani and Werna (2001) advocate is housing provision that is grounded in assessments of existing housing practices in terms of type of housing, housing submarkets, tenure situation, appropriate building standards and the uses of housing. Taking greater account of existing practices and dominant actors can help to ensure housing is adequate for the needs of the user and has the potential to meet other needs (e.g. income generation). Participatory housing design<sup>12</sup> offers some methods to make grounded assessments, although renters (who may be perceived as transitory) may be excluded from community-based participation exercises.

In part because of this call for housing interventions that better reflect and build upon existing practices, the current discourse in national housing policy – and in pro-poor housing practices advocated by UN-Habitat, NGOs and many housing activists – is for the *in situ* and incremental upgrade of informal settlements. In fact, one of the strongest recommendations to emerge from UN-Habitat's seminal *The Challenge of Slums* (2003b) was for participatory *in situ* slum upgrading for safer and more inclusive cities.


There are at least three main assumptions of *in situ* and/or incremental upgrade as an approach to housing provision. The first assumption is that the state recognizes poor people's right to remain on sites thus granting them greater security of tenure (see **Box 5** The Community Mortgage Programme in the Philippines). The second is that, in consultation and engagement with residents, existing habitats are improved with better homes, services and infrastructure at a cost that is spread and therefore affordable for residents (where they are expected to contribute) and local authorities (see **Box 2** Community Organizations Development Institute in Thailand). The third is that state effort to support *in situ* and incremental upgrade is likely to achieve the provision of adequate and affordable housing for the poor at scale.

The status of *in situ* and incremental upgrading as 'international best practice' has encouraged many housing programmes to place front and centre variations of *in situ*, incremental and participatory upgrading. Within this paradigm of best practice, policymakers are charged with providing political and financial support through institutional and regulatory change.

Partly because of its 'best practice' status, in some countries upgrading is presented as a panacea for low cost low income housing at scale and is incorporated into housing policy without the necessary attention to its implementation. In South Africa, for example, the discourse of *in situ* upgrading along participatory lines is paramount in housing policy. Practices across the country reveal at least two weaknesses in policy implementation that speak to the absence of institutional and regulatory change. The first weakness is that, in practice, local governments may be reluctant to implement *in situ* upgrade, preferring resettlement, as the former demands a "mindset change" (i.e. institutional change) among

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<sup>12</sup> See the annotated bibliography under 'housing design' for work on participatory housing design. Also, the IDS housed website: <http://www.participatorymethods.org/> is a resource for understanding and applying participatory methodologies. While not explicitly focused on housing design, many methods are transferable to the housing delivery process.



local officials (Huchzermeyer, 2009b, p. 60) whose own prejudices and conceptualizations of housing for the poor influence their behaviour. The second weakness is that practices of participatory upgrade can carry negative unintended outcomes where they lack a monitoring of local power (i.e. regulation). This is evident where local elites (whose position is influenced by grassroots party politics and a local politics of ethnic preference) are presented with opportunities to consolidate their power through an organizing role that strongly influences the allocation of resources (Patel, 2013b). These examples illustrate tensions between the local politics of housing and a national desire to adopt best practice, which may inadvertently compromise the three assumptions of participatory incremental *in situ* upgrade.

## Housing design

Housing design refers to a product and the process through which it is produced. Housing design for the poor principally concerns the efficient and effective use of local space within resource constraints such as the availability of land and finance. Location, topography and affordability of land are key criteria in influencing housing design and maximizing residential units on limited spaces. Current debates on the efficiency of space in low income housing centre on the pros and cons of high rise development and densification. However, efficiency-centred debates may be in danger of ignoring wider debates on the just use of land. In the wider context of housing and consistent with the central question raised in the introduction to this Topic Guide – *What is the purpose of housing?* – housing design is also about designing efficient and effective spaces for equality and social justice, i.e. looking beyond ‘the house’ and to the possibilities of what a building can represent.

Current practices in housing design that seek to engage with questions of social justice tend to focus on inclusive design processes, such as participatory processes and strategies that aim to include (potential) residents, local businesses, developers, financiers and others, in aspects of housing design – though perhaps not in wider processes of urban planning. (See **Box 7** for an example of where housing design did not include participatory processes and the resulting outcomes.)

There are two key issues in participatory planning. The first is the politics of participation itself – how to deal with unequal power relations and those who opt-out of the process, the challenges of interpreting polyphonic methods, and the difficulties of translating individual experience and preference to a larger intervention. The second is the politics engendered by participatory processes – how to expand spheres of participation from technical and physical aspects of housing design to participatory implementation, monitoring, evaluation and budgeting.

In both of these issues, ‘politics’ is about power, conflict and tension (which may have positive or negative outcomes) and the management of such conflict and tension. The politics of participation in housing design adds greater complexity and nuance to the reductive ‘housing design as a (predominately) technical process somewhat improved by participatory planning’.

This short section is supplemented by the annotated bibliography which engages with pertinent issues in participatory housing design.



## Box 8 High rise high density living for low income residents in Colombo, Sri Lanka

Following the end of the 2009 civil war in Sri Lanka, the government has given priority to the development of Colombo as the country's commercial capital, and there has been renewed government interest in high rise high density residential buildings for the poor in the city. In 2012, 12,000 high rise housing units for low income residents were being built, with a government goal to build 35,000 dwellings by 2015, including the 'Sahasapura' housing development project.

The focus on high rise high density units comes from pressures on urban land. Authorities in the city of Colombo were faced with over half (51%) of the city's population living in poorly constructed and poorly maintained informal settlements. As the number of informal residents expanded, so did the informal settlements, often encroaching on public land and prime real estate. There are mixed feelings about high rise low income buildings amongst Sri Lankan policy makers and researchers, particularly following international experiences (especially in the USA and Western Europe) with these types of low income residential buildings.

Some of the main reasons for high rise low income buildings in Colombo (reasons that may hold true elsewhere) are as follows:

(i) An efficient use of limited space. In response to evidence that locating low income housing on the periphery of a city may harm the poor, authorities in Colombo have built (and are building) high rise units within a short walk of the central business district, central station and industrial areas (although this may expose residents to downward raiding). Also, space freed by moving residents of informal settlements into high rise buildings means governments can realize the land's investment value.

(ii) Cost per unit is lower than other housing programmes for the poor.

The main arguments against these types of buildings include the following:

(i) Designs rarely take into account the needs of residents, e.g. there are no recreational spaces; multi-storey buildings cause difficulties for the elderly, pregnant women, the disabled, parents with small children and the sick if lifts are in disrepair or non-existent; and there is a lack of shared communal space.

(ii) Unclear management and maintenance structures. In middle income apartment buildings, residents' service charges pay for communal repairs and the management of the building. This may not be possible to replicate in low income buildings, and the costs are likely to fall on local authorities who may or may not have the capacity to manage and maintain high rise buildings.

(iii) Dense high rise developments can 'ghettoize' residents and isolate them from the rest of the city if residents feel that they are confined to their building, or if other city dwellers feel they cannot visit the area. Ghettoized residential spaces can further marginalize the poor.

The discussion of the pros and cons of high rise low income living clearly extends beyond issues of good or bad architecture and planning. From a range of different country contexts, there is an urgent need for more research on the underlying causes of the failures and successes of high rise low income developments, so that lessons can be shared with cities facing similar pressures to those in Colombo.

Source: Samaratinga and O'Hare (2012)

See [http://www.defence.lk/new.asp?fname=20111004\\_05](http://www.defence.lk/new.asp?fname=20111004_05) for an alternate view on low income vertical housing.



## Resilient housing and climate adaptation

Research on the effects of climate change in urban areas where poor people live shows that they are disproportionately more vulnerable than other types of urban resident to the consequences of extreme weather conditions and rising sea levels (Moser and Satterthwaite, 2008). However, the evidence is complicated by the fact that some effects in some areas are more visible and better documented than others.


To understand strategies of housing resilience and climate adaptation, it is important to appreciate the scale of the issue and perceptions of risk. For example, responses to the increased risk of seasonal flooding have a scalar interpretation, impact and response. That is, at the city level, a response might be flood warning systems; in vulnerable neighbourhoods, households may build gullies around their homes to divert the flow of water; and in equally poor but less visibly vulnerable neighbourhoods on a different site, there may be no response at all.

Adaptation strategies will primarily depend on knowledge (and perception) of the risk and of future risks; these depend on the interests and priorities of the risk taker (i.e. they are based on subjective judgement), political will and material resources. Knowledge of the risk, political will and resources are not equally represented between neighbourhoods or at neighbourhood, city and national level; this affects linkages between scales and joined up responses to climate adaptation.

Knowledge of the risk posed by the effects of climate change is particularly important at the neighbourhood level and especially in informal settlements, i.e. areas that tend not to be included in formal city-wide planning. Tied to participatory enumeration exercises that have been used to strengthen *de facto* tenure security, participatory planning in informal settlements can provide valuable data to city authorities and neighbourhood actors on environmental events, and can thus help to build a profile of vulnerability and risk in the area that can be used in settlement planning and housing design.

For example, in Cuttack, Orissa (India), with the help of local NGOs, residents of informal settlements have engaged in participatory mapping, with the residents themselves using global positioning system (GPS) devices to collect data and geographic information systems (GIS) to manage the data, in order to map a detailed profile of their settlements. Many of the settlements were located in high risk areas on public land alongside rivers. The data captured included boundaries, the number of houses, condition of roads and other infrastructure, and incidence of flooding and other natural disasters in the area. The data was then shared with the municipality and used to inform approaches to the settlements and municipal priorities for action.

The advantages of using technology in participatory mapping are the accuracy of data; its overall support to local government (as local government, in turn, is making increasing use of technology and digital information in urban planning); and the skills it builds for the user. Users are therefore better able to interpret complex data spatially, and this influences the quality of their input to neighbourhood planning and strategies for risk management (Livengood and Kunte, 2012). Two notes of caution arise, however. In this example, once data was collected by settlement residents and shared with the municipality, it was handed over to consultants to develop a database; residents were thereafter excluded from the formal planning process and were forced to demand inclusion. The second cautionary note is that sharing data with the municipality also required a high degree of trust that the municipality would use this data in ways that supported the resilience strategies of neighbourhoods as, under the rubric of 'managing the effects of climate change', municipal



responses may range from supporting the efforts of neighbourhood residents to relocating entire neighbourhoods.

Knowledge of risk is often built experientially. This experience can inform city planning (as in the example above), but more often it informs grassroots coping strategies at the individual, household and neighbourhood level. The challenge is to link these strategies to the city in ways that increase their effectiveness.

Summarizing existing case studies, Jabeen, Johnson and Allen (2010) identify four particular types of coping strategy that are employed by the poor, individually or collectively:

- i. Making modifications to the physical environment, such as reinforcing walls, building sand banks and building drainage channels
- ii. Building up stores of valuable assets that can be sold in times of need
- iii. Developing a diverse livelihoods portfolio to help spread risk
- iv. Creating dependable support networks that can provide assistance in times of hardship.

The authors note that some coping strategies can be far more effective if they are supported by city planning; for example, self-built neighbourhood drainage channels would be more effective if they linked to a city-wide storm water system. “Thus”, they write, “some of the most effective adaptation strategies at scale may be beyond the control of the local community and must be implemented at the institutional level.” (2010, p. 418). In order to do this, municipal planners need to understand existing strategies among the poor to cope with climate-related risks – strategies that have developed iteratively following continual experiences with shock and crisis – and to co-operate with the poor in ways that strengthen the effectiveness of familiar strategies developed with specific social and environmental contexts in mind.

The lessons learnt from the practices of those living in informal settlements can be used to build resilience into housing design and risk-reducing infrastructure in new build housing settlements. Drawing on research in the field of disaster risk reduction and of relevance to housing resilience is the idea of incorporating resilience principles into major construction projects. The concept of ‘resilience’ acknowledges that built assets can never be fully resistant to disaster, but the built environment can be planned, designed, constructed, operated and maintained to offer greater capability to respond and recover from disaster (Bosher and Dainty, 2011).

One of the greatest challenges to incorporating built-in resilience is the nature of the construction industry – it is top-down and project-based. Incentives for developers to use technology appropriate to the socio-economic environment of residents, to plan for the long term future of a building, and to engage with existing resilience efforts in communities and neighbourhoods, is not intrinsic to current practices (Bosher and Dainty, 2011, also see **Box 8**). There is scope for greater institutional guidelines and incentives (which can come from governments or professional bodies) to build in resilience in large scale construction projects (UN-Habitat, 2012).





## Box 9 Urban experiments in technological innovations in housing and infrastructure in Mexico

Experiments in eco-housing that employ technological innovation are a relatively new field in developing countries. Growing demand for urban housing and a greater awareness of climate change, however, has prompted investment from housing developers.

In Mexico, for example, a social housing development in Monterrey experimented with building low carbon eco-houses for low income residents who are able to secure a mortgage from Infonavit (a federal institution designed to disburse and manage mortgage finance for low-medium income workers). The main innovations in the eco-housing development were energy efficient appliances, and orientating the building to improve ventilation through the property. The development aimed to integrate low carbon principles into existing social housing plans at minimum cost; if the experiment worked it could be replicated at scale.

The developer, with some financial assistance from the state, implemented eco-technologies on the instruction of the state, and not the future residents. This meant that the housing design did not have the resident in mind.

When residents eventually moved into the properties, certain eco-features were found to have drawbacks, e.g. ventilation features brought dust into the house whenever there was a breeze. There was also little consideration of the local context; in Monterrey residents were concerned for their personal safety and shunned communal spaces in favour of securitized front gardens, building high fences without eco-principles that actually blocked the ventilation further insulating the house, thus illustrating a dissonance between architects and residents.

Also, typical to many social housing developments, it was unclear who was responsible for maintaining communal spaces. This meant common areas including gardens fell into disrepair.

Castán Broto and Bulkeley (2013) note, “The ‘bioclimatic’ character of the houses [has been] somehow eroded” (p.8). They add, “the lack of purposive maintenance gives way to conventional forms of repair and as a result becomes integrated in the landscape so that its potential ebbs away” (p.9).


The lessons from this development have stirred national debate and a re-thinking of how best to deliver low income eco-housing. Experiments with ‘Green Mortgage’ finance and architectural design (with scope for future residents’ engagement in the design process) are too early to evaluate, but are encouraging signs for the low income eco-housing project.

Source: Castán Broto and Bulkeley (2013)

Beyond thinking about resilient housing and climate adaptation, in cases where adaptation to a climate-related event or natural hazard is insufficient, post-disaster responses are equally important. See the annotated bibliography for literature that speaks to the displacement and relocation of people from settlements vulnerable to natural hazards.

## Housing as part of city planning

A common critique that emerges from research on housing for the poor is that it is an activity detached from integrated city planning. Programmes of city-wide settlement upgrade and



low income housing development projects may encourage, through their very design, thinking about housing for the poor outside of holistic visions of the city<sup>13</sup>.

Part of the reason for the separate treatment of poor people in towns and cities is due to incomplete city plans that fail to acknowledge the presence of unplanned or informal settlements. Very little formal data gathering captures the scale, boundaries, buildings and infrastructure of informal settlements. When we consider that in Dar es Salaam, Tanzania, for example, almost 70 percent of the population are believed to live in unplanned settlements, this is a sizable knowledge gap.

In some cities the issue is compounded by a general lack of reliable and incomplete information on property registers, cadastral surveys, infrastructure maps and city demographics. The implications of the lack of data are far reaching. For example, unreliable or incomplete data implies the exclusion of informal spaces and dwellers from formal state policies and public sector investment, and an undervaluing of the contributions of the informal sector to city economies and a city's social character (Patel and Baptiste, 2012).

Participatory enumeration exercises in informal settlements can help to plug some data gaps (e.g. Karanja, 2010), but the coverage of such initiatives is limited even within cities as it depends on high levels of organization within a settlement. Also, the value of the data in terms of what happens next seems to depend on the relationship residents have managed to build with municipalities; participatory enumeration and mapping may not necessarily influence city planning. Insufficient data across the city and particularly on informal settlements is only part of the story. The point on influencing the municipality hints at the role of politics in city planning. Politics, previously defined as power, conflict and tension (which may be positive or negative) and the management of such conflict or tension, is a significant part of the stalled thinking about, and action on, low income housing as a part of city planning. There are three central issues that illustrate politics and city planning: the location of settlements on the periphery of cities; competing interests over land (see **Box 9**); and the role of the poor as citizens of the city.


Despite notable attempts to ensure poor women and men get access to well-located urban land, new housing tends to be on the periphery of towns and cities. This issue relates to land values, conceptions of private property and an 'evolutionary theory of land rights' (Platteau, 1996). This theory contends that, under population pressures and demands for economic growth, ideas of land rights 'evolve' to individualized (as opposed to communal) preferences that result in private property rights regimes. The language of 'evolution' suggests an inevitability of private property rights.

Blomley (2005) picks up this point and argues that private property rights have become the norm in our thinking about the value of land and property; property is taken for granted and is thus in danger of being read as apolitical (this is far deeper than the politics of contestation over property ownership). Yet, private property rights make many assumptions, including that property has a single identifiable owner, the owner has ownership rights (including the right to exclude others), and that the owner is self-motivated to make improvements to land that result in higher resale value or productivity. Viewing and valuing property through these narrow assumptions has important political and moral effects.

Blomley (2005) identifies three effects of the normativity of private property that are particularly relevant to city planning. The first concerns the moral geographies of public and private spheres, "The private sphere is valued as a site of individuality, liberty and autonomy,

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<sup>13</sup> Any thoughts about city planning or visions of the city must consider the different ways in which women, men, girls and boys experience the city. See the annotated bibliography for research on gender and city planning.



while state action is a potential threat to freedom.” (2005, p. 126). This situates state actions in the property market as suspicious and against individual interests.

The second concerns individual ownership claims as something detached from other people. Whereas, “property centrally concerns relations between owners and non-owners: my rights to ‘my things’ are meaningless without my power to exclude you from the use and benefit of those things. Those exclusionary powers, sustained by the state, are socially differentiated, advancing the interests of those who have private property against those who do not.” (2005, p. 126).

The third effect of the centrality of individual private property is that other claims to land (e.g. those grounded in customary tenure or moral claims to common land) are viewed with suspicion, at best. Where some acknowledgement of multiple tenure and property regimes exists in rural areas or small towns, it is rare that any city accommodates (or is prepared to accommodate) claims to land outside of this dominant model. Within this dominant conception of private property, housing for the poor in cities has resulted in developments on the periphery in places where the state is least likely to encounter the resistance of property owners, when what is demanded is far greater creativity in thinking about property rights.

#### **Box 10 Visions of the city: the role of the middle classes**


In much of the development literature, the middle classes are vaunted for their virtuous associations with holding the state to account, being responsible citizens, and their contributions to the formal economy (being responsible consumers if not producers). Their burgeoning numbers are symbols of progress and modernity in developing countries, and examples of state, social and economic policies working. Although ‘middle class’ is a term that refers to a wide range of people, Ballard argues, “Nevertheless, or possibly because of this ambiguity, it functions as a powerful idea of an open class of ordinary people who enjoy good incomes from their hard work, and to which everyone can aspire.” (2012, p. 567).

In cities, the urban vision and position of middle classes can crowd out the poor. This is most evident during mega-projects (e.g. the Olympic Games and sporting world cups) where certain visions of the city, sold to the middle classes as entry points for urban regeneration and public infrastructure upgrades, also displace large numbers of the urban poor. Outside of mega-projects, Ballard argues, “Social concentrations of development have corresponding spatial concentrations of development” (2012, p.568), for example gated communities, shopping malls, private hospitals, private schools and parks.

This means that areas of middle class residence, socialization and work command private and public investments in infrastructure and buildings, as well as policy and law (e.g. property rights) to protect these signs of progress and development. It is often against such visions and manifestations of the city that the poor must compete over the same land.

Source: Ballard (2012)

Against the powerful structures that seem to work against the interests of the poor, the poor have agency. They have legitimate claims to the planning process and have a constructive role to play in city planning. For the purposes of better city governance it is imperative that planners seek legitimacy for their plans and are held to account for them through the involvement of a range of city dwellers, including the poor, throughout the planning process. However, it is important to note that, “the realities of politics and power plays which underlie



seemingly democratic, open and inclusionary planning processes [...] [means] that it cannot be guaranteed that all participants will act in an open and honest manner all the time” (Rakodi, 2001, p. 220).

In order to exert influence over the planning process the poor need to be politically strategic and creative. One example is through co-production between organized groups of the poor and state institutions. Co-production concerns the joint production of public services between citizens and the state: for the poor, this can be a way to improve basic service delivery. Some groups of the urban poor have been able to use co-production as an initial entry point to build and deepen political relations with state officials that can then be used by the poor to negotiate for greater political rights including engagement with city planning (Mitlin, 2008b).

## Infrastructure and social services in low income areas


Basic infrastructure for low income settlements includes water, sanitation, solid waste management, drainage, electricity, roads and transport. Social services include early education, health care, policing, child care and care for those with special needs (including people with HIV/AIDS and their carers). The provision and maintenance of infrastructure and social services into low income settlements comes from three main service providers: the public sector, the private sector and civil society (which spans NGO-led delivery, to religious groups and CBOs).

In the public sector, under a global trend of decentralization, municipalities are increasingly faced with the responsibility of overseeing the provision and maintenance of public services (see **Box 10**). The theory behind decentralization contends it is pro-poor and a means through which state effectiveness (in terms of service delivery) and accountability to citizens is improved (Manor, 1999; Johnson and Start, 2001). The theory of decentralization assumes that adequate resources and power will be devolved alongside mandates of decision making and service delivery. However, greater political decentralization is often unaccompanied by the decentralization of resources, particularly finance, or if finances are decentralized local bodies may lack the ability to manage public finances and maintain proper accounting (Ahmad et al., 2005). This means that local governments hold an expanded portfolio of responsibilities with limited resources and often limited capacity to deliver that portfolio.

In low income settlements, there may be additional service delivery challenges e.g. the presence of gangs which limits accessibility to the site and thus the regular maintenance or repair of infrastructure. There is little research on the provision and maintenance of services in low income settlements affected by high rates of crime, violence, or the strong presence of gangs. The largely anecdotal evidence suggests a vicious cycle where people protest against the state because of absent or poorly maintained services, and where protests turn violent, the state is reluctant to enter settlements to install or fix services (Sonnenberg, 2013).

The private sector plays an important role in servicing low income settlements when state provision of infrastructure services is stalled or insufficient. The role of the private sector in service delivery spans informal to formal settlements. There is a wide spectrum of private sector service providers that exists, from local entrepreneurs selling water or running bus routes to large-scale utility providers.

It is relevant to note that the formal private sector and the informal private sector have different entry points and assessments of the viability of their service delivery business in low income settlements (see **Box 12**). Barriers to entry for the formal private sector include risk aversion if businesses are not experienced in dealing with poor clients and concerns around



profitability (although it clearly is possible to draw the formal private sector into low income settlements, see **Box 3**).

### **Box 11 The politics of decentralization, housing and service delivery in South Africa**

In South Africa, unlike many other African countries, political and fiscal decentralization is written into the Constitution. This means that, in cases where authority is vertically divided (i.e. different political parties control national and local government), local government is able to operate relatively independently of central government.

Cameron (2012) reports some caveats to this idea. In the realm of urban housing, for example, where responsibility is shared between national, provincial and local government, party political motivations can come to the fore. He notes, “the province has the authority to decide the location of potential housing settlements. But, due to resistance from middle-class communities, it frequently selects peripheral areas that normally do not align with the budgets and plans of the municipalities. The infrastructure grant goes to the municipality, while the housing funding is allocated from the national level to the province ... Since housing is a function delegated to local governments, it can become a political football.” (2012, pp.12-13).


In addition to the layers of governance structures, where different political parties are in power, lines of authority and direction can be (deliberately) obscured. However, in other areas of urban service delivery – including infrastructure and social services – South Africa’s largest metropolitans are self-financing (mostly through property taxes) which can reduce the influence of party politics and increase the effectiveness of service delivery.

Understanding the fiscal powers and capabilities of local governments is essential to understanding the provision and maintenance of urban services. However, complex layers of governance operate between the city and citizen too, which shape the provision of services to certain low income settlements. These layers of governance include local party politics, civic politics and local government, at a minimum (Bénin-Gbaffou, 2012).

Sources: Cameron (2012); Bénin-Gbaffou (2012)

In addition, Baker and McClain (2009, p.5) contend, “Companies that install infrastructure must present evidence that customers have the right to make changes to the land, which is normally enshrined only in a legal land title. Zoning laws can further restrict how land can be developed by legally barring companies from residential infrastructure installations despite the existence of a community of residential consumers and regardless of the legal title held on the land”. Legislation, attitudes to risk, and alignment between the services provided by the formal private sector and demand from poor people, determine their engagement in low income settlements. The reasons for drawing the formal private sector into service delivery in low income settlements is their expertise, ability to exploit scale and lower costs, and without their involvement a public sector operating with resource and institutional constraints may be unable to meet demand for services, particularly if the private sector is already supplying the rest of the formal city<sup>14</sup>.

<sup>14</sup> This is not to diminish the potential of local entrepreneurs scaling up their activities e.g. the *Sulabh* toilet (see Pathak, 1999).



## Box 12 Private sector competition and partnership in Maputo's water sector

Across Mozambique water and sewerage coverage is low. This is a legacy of a tumultuous recent history of war and ideological conflict that detracted from laying infrastructure and building the management capacity of national utility providers – which are essential components of any coherent water supply network. Maputo's population of 1.8 million tend to live with various states of connectivity to water supply networks managed by a range of predominately private actors along a scale of informal to formal (Ahlers, Schwartz and Guida, 2013). Suppliers to low income areas tend to be small-scale independent providers (SSIPs).

Reflecting on the 'Water Wars' in Cochabamba, Bolivia, donor-led discussions of water provision in general have shifted from traditional public-private partnerships (where the state grants a concession to private industry to supply water and collect revenue under state regulation), to a different type of 'partnership'. One where a wide range of arrangements present an alternative to state-led, private sector-led or neighbourhood based services (Coppel and Schwartz, 2011).

In this context, SSIPs are "being hailed as an essential actor in water provision, and complementary to the formal public and private utility" (Ahlers et al., 2013, p.176). SSIPs are said to have a comparative advantage in knowing the area and customer base, and that their numbers encourage small-scale competition, from which customers benefit.

However, in their study of Maputo's SSIPs, Ahlers et al. (2013) found that, while SSIPs have filled the gap created by patchy coverage of the main formal private water supplier, their mode of operation did not encourage small-scale competition, to the detriment of their customers. Sunk costs such as connecting to a water network or digging a borehole were passed on by SSIPs to households who, having made a substantial investment in their water supply, rarely changed supplier. Thus, the only competition that existed was for initial connection in an area.


Once powerful local water actors were established, they tended to organize themselves to protect their interests from new competition; this included price setting and collaborating to carefully manage extensions to the informal infrastructure network. Allowing private operators (who are unlikely to be guided by social goals) to run a monopoly or cartel over the supply of water would be cause for alarm in the formal private sector; the informal private sector is no different.

Ahlers et al.'s (2013) study illustrates the importance of looking beyond network coverage as an indicator of good water supply in low income areas. Where SSIPs operate, it is also necessary to examine the modalities of supply and the social and political relations (or obligations) that are consequently engendered.

Sources: Ahlers, Schwartz and Guida (2013); Coppel and Schwartz (2011)

Balancing the concerns of the formal private sector with the public sector's need for assistance in service delivery has resulted in public-private partnerships. However, in low income settlements, such partnerships tend to include civic organizations as mediators of the relationship and partners between service providers and users, leading to a tripartite 'public-private-civic partnership'.

In Bangladesh this partnership model has been employed to improve solid waste management in cities across the country. In a context of a growing urban population and



corresponding growth in solid waste<sup>15</sup>, municipalities with weak institutional incentives and capacity were unable to cope. This created an opportunity for entrepreneurs, CBOs and NGOs to enter the market and provide solid waste management services, charging households a small user fee.

In most cities a parallel public and private system was established. However, in the municipalities of Khulna, Patuakhali and Sylhet, with the assistance of external organizations (the World Bank and Danida), local NGOs and CBOs signed memoranda of understanding with municipalities to formalize a partnership which resulted in improved delivery, satisfied customers and cleaner cities. Ahmed and Ali (2006) argue external intervention was essential because “Advocacy with municipalities for PPP is hardly possible by NGOs, CBOs or citizens due to lack of funds, skills and access” (2006, p. 789). External actors were able to act as facilitators to overcome institutional barriers to partnership.

In Nairobi, Kenya, a study on tripartite partnerships for service delivery in low income settlements found a number of pros and cons to this model. Pros included different sectors (formal private, state and NGOs/CBOs) being able to take advantage of other sectors’ strengths, mutual oversight, and rational use of resources by minimizing duplication (Otiso, 2003). However, tripartite partnerships are rarely partnerships of equals; in this case, CBOs lacking strong leadership and with limited resources were subjugated by the interests of the state and formal private sector. This suggests that if external bodies actively engage in building tripartite partnerships, they need to be aware of the relationship between local service delivery and local (dis)empowerment.

## What does this mean for policy makers, practitioners and researchers of housing for poor women and men?

This succinct section aims to signpost areas for further research and ideas for re-conceptualization that are necessary to re-orientate existing efforts in low income housing to speak to the knowledge gaps and failure of dominant theories of land titling and property rights, for example, identified by this Topic Guide.

**Housing finance** – interventions in housing finance have tended to focus on expanding the number of neighbourhood-level financial institutions by drawing formal finance actors into neighbourhoods; it is a focus that has demanded re-assessments to notions of ‘risk’ calculated by formal finance actors. However, this focus is *not* the same as expanding the number of different financial products and services that are available to the poor. This requires, as a first step, to elevate the importance attached to informal financial services so that they sit alongside formal finance; that is, to conceptualize the two as complementary. Housing finance for the poor, at scale, requires different packages of financial products and service providers to meet the varied needs of residents. Here, the role of policy makers, practitioners and researchers is to include informal finance options (the nature of which is constantly changing with advances in technology<sup>16</sup>) in their assessments of poor people’s access to finance.

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<sup>15</sup> While development agencies have paid attention to solid waste management and water coverage issues in cities as populations grow, they have paid significantly less attention to sanitation – specifically sewerage and sewage treatment. As urban populations grow, there is a growing problem of managing sludge and faecal matter in cities which poses significant health and environmental hazards. See Hall and Lobina (2008) in the annotated bibliography.

<sup>16</sup> For example, M-PESA, a mobile phone based money transfer service in East Africa. See <http://www.safaricom.co.ke/personal/m-pesa/m-pesa-services-tariffs> for details.



Three questions that may prompt this mode of assessment are:

- Over time, through what modes of finance do poor people make improvements to or build housing; what conditions are attached to these modes of finance and are the conditions reasonable to the builder?
- What modes of finance are available to a person that they do not take advantage of; and why do they not take advantage of them?
- And, in the context of new forms of finance and new actors in the finance market (e.g. cash transfers through mobile money), what are the constraints to and opportunities for existing informal finance actors to expand their services and reach?

Such questions may build a holistic picture of housing finance over time and identify areas for intervention that support house building and development in ways that do not discriminate between informal and formal finance or unnecessarily advantage one over the other.

**Tenure and property rights** – the claims made of individual titling by de Soto and others are *not* substantiated by the evidence. Greater attention and research needs to be paid to approaches to incrementally secure tenure in informal and low income settlements and approaches that use systems of *de facto* tenure security, including collective leases. The challenges to incremental tenure are largely political; with governments reluctant to promise anything less than individual title (especially if widespread titling has occurred in other parts of the country) and residents' perception of individual title as the gold standard and anything less being a statement of their (less than full) citizenship. Re-conceptualising tenure security as more than individual title in mainstream thought and action, is essential to deliver workable and context appropriate tenure and property rights. Research questions that aid a re-conceptualization of tenure and property rights are:


- What are the origins of strongly held norms of 'property ownership'? And what factors help to consolidate these norms?
- And, on what conceptual basis do different types of urban dweller (e.g. renters, structure owners and squatters) make claims to tenure and property rights? And to what extent do these conceptual bases complement or conflict with each other?

**Housing provision** – a greater understanding of the reasons why rental housing does not feature in national housing policy, despite the evidence of its importance for housing for the poor, is necessary. A political analysis is required in the first instance as a basis to develop strategies to address the obstacles that exist to re-orientating housing policy to include a focus on rental housing. At present, it is possible that such a focus among state actors, housing practitioners and researchers is clouded by the dominance and momentum of incremental and *in situ* upgrading as a pro-poor innovation that can play a major role in providing housing at scale. While upgrading clearly has an important role to play in this regard, there are two significant matters within this approach that require deeper thought: managing the tensions between national housing policy and the local politics of housing; and incorporating a rental agenda. Framed as research questions, these issues are:

- In a housing methodology of participatory incremental *in situ* upgrade, what are the tensions between national policy that speaks to 'international best practice' and the local politics of housing? And in what ways do these tensions play out?
- Upgrade approaches tend to target (potential) structure owners, so how might a rental agenda be incorporated into or complement this approach?

The last question, in effect, raises an important issue on the movement of an individual between 'renter' and 'structure-owner' (for example) as conditions in their life change. So, in





order to effectively address the last question, it is necessary to broaden the scope of enquiry to beyond upgrade approaches to ask:

- What conditions facilitate or obstruct the movement of individuals or households across different types of housing and tenure options? And where movement occurs, is there a trade-off in terms of an individual or household's ideal access to housing, rights to housing or housing type?


**Housing design** – more comparative research is required into the efficient and just uses of urban land vis-à-vis the types of housing designs for the poor. Such research would include as variables for investigation the use of particular building materials and technologies that can increase design options, the enabling or constricting role played by building regulations and standards, and the satisfaction of the occupier. These variables reflect that although land is a finite resource and housing design is an area that aims to maximize the uses of this resource, housing design is not just a technical enterprise to optimize land use, but also a social enterprise to respond to the interests of different urban actors (municipalities, a wide range of urban residents, utility and social service providers). In this respect, the role of participatory strategies in housing design are critical and should go beyond technical aspects of housing design through to continual dialogue on the uses of urban space. Although evidence on how participatory strategies deal with power and conflict are inconclusive, this should not derail the use of participatory processes. Two importance research questions prompted by current debates in housing design are:

- How do different social, cultural, political and economic contexts and varying appreciations of just land use influence the process of housing design?
- In participatory planning, where conflict and contestation is made visible, what mechanisms can be applied to ensure that the outcomes of such conflict contribute to progressive design processes?

**Resilient housing and climate adaptation** – knowledge and perception of risk, political will and material resources play a major role in the climate adaptation strategies employed by individuals, households, neighbourhoods and cities. For action in this field to be most effective, strategies for resilient housing must link scales of knowledge or perception of risk to action so that the city supports household initiatives to manage risk through, for example, extended drainage networks; and households reinforce city mechanisms to manage risk by, for example, not building in flood prone areas. Institutionalizing a thorough diagnosis of the knowledge or perception of risk to hazards as part of a holistic approach to housing development may be an effective role of policy. However, a sizable research gap exists in understanding the potential for conflict within a framework of 'resilient housing and climate adaptation'. For example, if local governments use neighbourhood information on environmental risk to effect evictions or relocation (for reasons that may go beyond, or are perceived to go beyond, good environmental management). This suggests the need for a broader lens through which risk for low income households particularly is assessed with the leading questions 'risk of what?' and 'due to what contributing factors?' A research question that captures this potential for conflict is:

- How does the emergence of contradictions between 'resilience' and 'environmental justice' affect policy? What are these contradictions? And what are their effects?

**Housing as a part of city planning** – there are three significant challenges to thinking about housing as a part of city planning. The first is technical and concerns data collection, within this there is scope for engaging with the poor and improving the legitimacy of city plans. The second relates to land use and infrastructure planning and the need to recognize that the poor have a legitimate claim to residence in the city, to land on which to legally



develop their housing and communities, and to access basic infrastructure services to sustain a healthy living environment. The third is theoretical and demands greater creativity through a stronger critique of dominant ways of thinking about private property and its effect on the cityscape and its inhabitants. Pertinent research questions that cut across the technical, moral and theoretical challenges of thinking about city planning are:

- In what ways can the interests of a household be articulated and enacted within a city-wide aim for equality and social justice?
- Where 'housing' is a process, product and outcome of city planning, what kind of 'cityscape' or environment is created by housing for and by the poor? The question of cityscape is particularly relevant where settlements are created at the peripheries of cities or where informal settlements are upgraded and regularized in the heart of cities. The question speaks to notions of 'city-ness' and 'inclusivity'.

**Infrastructure and social services in low income areas** – tripartite partnerships seem appealing and there is a clear role that external bodies can play in enabling such partnerships, however, partnerships are forged and operate in complex local environments, often navigating between layers of local governance. A thorough understanding of these layers is important to understand whatever trade-offs may exist between service delivery and other objectives (e.g. local empowerment). Also, tripartite partnerships tend to operate within a free market framework where profit and ability to pay guide coverage and services.

Considerable potential exists for innovation in the governance of tripartite partnerships, which may draw necessary attention to the coverage and service gaps created by their *modus operandi*. Guiding research questions to further examine the nature of infrastructure and social services in low income areas may include:

- What theoretical principles govern the operation of tripartite partnerships, and in practice, is there a trade-off between coverage and the quality of services and equity?
- What opportunities and challenges exist for models of inclusive governance, which includes (potential) service users, to regulate and manage tripartite partnerships?

Additionally, two specific research gaps exist on the particular constraints, challenges and opportunities to delivery in low income areas prone to violence; and considerably more research is required into effective ways to manage the interface between local neighbourhood systems of basic service provision such as water and sewerage, and main trunk systems. A particular challenge is that of faecal sludge management within settlements outside the reach of conventional trunk systems.

**The provision and improvement of housing for the poor** – the nature and purpose of this Topic Guide has meant that subjects which are ordinarily intricately connected and interwoven in housing research and policy, such as housing provision and tenure security, have been treated as discrete topics. As a reminder of the holistic approach necessary to engage with the provision and improvement of housing for the poor, this section concludes with three overarching research questions:

- What does sustainable access to housing for the poor (the poor now and in the future) look like?
- Who are 'the poor' targeted by low income housing interventions? Such interventions define beneficiaries by their low levels of income, yet we know that the concept of 'poverty', like the concept of 'housing', is dynamic. 'Poverty', as discussed on page ix of this Guide, is a concept that is defined to include the income poor, the marginalized and the vulnerable. The definition of poverty can expand or contract the



range of beneficiaries targeted by housing interventions. So, how does the concept of poverty affect housing agenda for 'the poor'?

- The rationale for interventions in housing (see **Diagram 1**) identified that housing is means through which improvements can be made to people's standards of living, generational ideas of wellbeing and wider developmental impacts on the environment, for example. It is important to ask: at what scale is the potential of housing interventions realized (and are they realized?) – the household, the neighbourhood, the city or the national scale? How do gains translate between scales and can national policy direct (in rhetoric and implementation) just city planning and household advancement?

Each of these three questions is the basis for a research agenda on low income urban housing. Each question is pertinent to current housing debates, yet compels a deeper historic and forward-thinking investigation into the access, delivery and implications of housing for the poor.



# Annotated bibliography

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## Innovation in housing finance

McLeod, R. and Mullard, K. (eds.) (2006) *Bridging the Finance Gap in Housing and Infrastructure*, Rugby: ITDG Publishing.

This book is part of a series on urban management commissioned to examine approaches to urban poverty and housing in the global south. In 'Bridging the Finance Gap', the authors reflect upon the successful (and less successful) practices of the international NGO Homeless International in housing finance over the past 20 years. The authors argue that the most successful approaches to sustainable affordable and adequate housing are those that are driven by the poor. The book goes into some detail to document practical approaches to organizing neighbourhood-level finance for upgrading projects led by residents. It also articulates a strong need for local authorities and other formal financial actors to work creatively and in partnership with such groups in order to enable expressions of agency among 'the poor' and to facilitate locally suitable housing options. The book speaks more broadly to a growing global movement of organizations of the urban poor that articulate the needs and strategies of their members to obtain adequate housing, basic services and other basic needs such as education and health care. This book led to the creation of CLIFF.


Mitlin, D. (2008a) *Urban Poor Funds: Development by the people for the people*, IIED Poverty Reduction in Urban Areas Series, Working Paper 18, London: IIED.

This working paper draws on examples from around the world to better understand how a particular type of finance agency – Urban Poor Funds – can support the housing finance needs of the poor. These funds are unusual from conventional low income financial services in that they explicitly target poor people including those who live and work in the informal sector, they are governed by a board whose members are drawn from grassroots organizations, and they work with groups which allows for collective infrastructure and housing improvements rather than individual housing finance such as a mortgage. The paper engages directly with issues of scale – that is using the collective organization principles of these funds to influence city-wide and national urban planning. The Urban Poor Funds that are described in detail in the paper are drawn from a methodology employed by Slum/Shack Dwellers International.

## Land tenure and property rights

Smit, D. and Abrahams, G. (2010) *Incrementally Securing Tenure: An approach for informal settlement upgrading in South Africa*, Hatfield, South Africa: Urban LandMark.

This report, grounded in the context of upgrading informal settlements in South Africa, carries greater resonance for countries with large informal urban populations and limited state institutional capacity to implement large scale tenure regularization. The report presents Urban LandMark's approach to incrementally securing tenure i.e. increase tenure security in informal settlements in stages leading to official state recognition in law, if that is desired by individuals or groups. It is an approach that emphasizes tenure security over ownership. The approach begins with administrative and legal processes that can provide protection against eviction such as the state provision of basic services, voter registration in settlements, shack numbering/registration by the municipality and protection of large areas through zoning regulations. There are many variants to improving *de facto* tenure security; the report emphasizes those which afford tenure security collectively across a settlement than individual security.



Lemanski, C. (2011) 'Moving up the Ladder or Stuck on the Bottom Rung? Homeownership as a Solution to Poverty in Urban South Africa', *International Journal of Urban and Regional Research* 35, 1, pp. 57-77.

Housing finance needs to be able to support social and economic mobility, so that as people's situations improve and they move out of poverty they have other housing options. Lemanski draws on empirical evidence to argue that the poor in South Africa even if they were able to secure credit against their property, there is nowhere in the formal sector for them to move to. The housing options that exist are simply out of financial reach. This paper speaks to several related issues: the limits of titling and empirical evidence that challenges theories of individual freehold titles; issues of housing supply for those with a low-medium income; and issues of housing finance and its relationship to mobility.

### Housing Provision

Peppercorn, I. G. and Taffin, C. (2013) *Rental Housing: Lessons from International Experience and Policies for Emerging Markets*, Directions in Development. Washington, DC: The World Bank.

This new book published by the World Bank aims to bring rental housing to the forefront of housing agenda. Drawing on 13 country case studies from around the world, the book examines the finance options (focusing on taxes and subsidies) and regulatory frameworks different countries have employed to manage and develop their rental sectors. Case studies of social housing and private rental housing are drawn from the United States, Brazil, France, Thailand and Mexico, among others. The book emphasizes the importance of accurate country assessments of existing rental housing in the formal and informal sector in order to design specific points of entry into rental housing in national housing strategy. Alongside this analysis, the authors advocate thorough assessment of legal and regulatory frameworks to protect tenants and landlords (be they in the social or private sector). They write, "Governments need to ensure that the rights of landlords and tenants are balanced and that laws and processes that deal with eviction are fair to both parties, efficient, and transparent." (p. 63). The authors focus on increasing formal rental housing at various levels of affordability, but do not engage with discussions on ways to regulate the informal sector.

Payne, G. and Majale, M. (2004) 'Regulation and regulatory frameworks', *The Urban Housing Manual: Making Regulatory Frameworks Work for the Poor*, London: Earthscan, chapter 2, pp. 23-48.

This slightly dated manual is still very relevant to designing conceptual and practical tools to review and revise regulatory frameworks concerned with housing for the poor. The book places regulatory frameworks into a broader political economy context at city and national level. Turning to new build developments compared to upgrading informal settlements, the authors identify different regulatory frameworks that govern these two housing interventions. They argue upgrading usually involves negotiations with settlement residents which tend to result in a compromise on standards (for example, a smaller plot size to ensure more families can be accommodated on the upgraded site). Also municipalities tend to engage with resident groups throughout the process, building their capacity to manage communal areas post-upgrade. For new builds the building process and building houses to a high standard can be quite fast, although residents are rarely involved in negotiating regulatory standards in new build houses, which means regulations can be inaccessible and lack meaning. Flexibility in housing regulations across housing products is a must to enable the poor to conform to appropriate regulations that draw them into better standards of living.



## Housing design

Miessen, M (2010) 'Collaboration and the Conflictual', *The Nightmare of Participation*, Berlin: Sternburg Press, pp. 91-104.

From a perspective of spatial design, the book presents a re-thinking of 'participation' as an inclusive, democratic, consensus-building process and concept. The book begins with a critique of spatial planning practices, it deconstructs 'participation' and explores what it can mean, and then suggests different ways to looking at the role of the participant. In the chapter 'collaboration and the conflictual', Miessen promotes the idea of 'conflictual participation' which is a position that antagonizes and draws out differences between individual and groups of people in order to critically engage with what is at stake and draw out new ways of thinking about it (e.g. the design of a building). Participation is therefore not a managed process to attain consensus, but a way to foster political involvement. He writes, "instead of breeding the next generation of facilitators and mediators, we should encourage the 'uninterested outsider', the 'uncalled participator' who is unaware of prerequisites and existing protocols, entering the arena with nothing but creative intellect and the will to provoke change." (p. 103).

[Video Link](#) to Miessen's lecture on 'The Nightmare of Participation' recorded in 2011.

Frediani, A.A. and Boano, C. (2012) 'Processes for Just Outcomes: The capability space of participatory design' in I. Oosterlaken and J van den Hoven (eds.) (2012) *The Capability Approach, Technology and Design*, Dordrecht: Springer, pp. 203-222.


This chapter examines the potential of the capability approach to influence and direct the process of design and the product, with specific reference to urban development and housing. The capability approach is based on Amartya Sen's work on freedom – freedom has three elements: choice (e.g. in mechanisms of participation and the type of housing), ability (e.g. individual and group characteristics that enable actions to change or maintain the built environment) and opportunity (e.g. wider processes and structures than allow people to realize their housing aspirations such as employment and the absence of violent conflict). The authors set out a methodology that can be applied to design urban development for socially just outcomes.

## Housing adaptation and climate resilience

Sanderson D., Sharma, A. and Anderson, J. (2012) 'NGO permanent housing 10 years after the Gujarat earthquake: revisiting the FICCI-Care Gujarat rehabilitation programme', *Environment and Urbanization*, 24, 1, pp. 233-247.

Sanderson, D. and Sharma, A. (2008) 'Winners and losers from the 2001 Gujarat earthquake', *Environment and Urbanization*, 20, 1, pp. 177-186.

Following the 2001 earthquake in Gujarat, India, between 16,000 – 20,000 people died and over 1.2 million properties were damaged. These two papers assess reconstruction efforts since that event, focusing on, among other considerations, hazard resistant housing. The 2008 paper describes housing reconstruction efforts led by NGOs and consultants under the Gujarat Earthquake Rehabilitation Project. Affected villages were offered two options for housing: they could self-build with money from a grant or move into NGO built housing. The paper found while NGO built housing was robust so that "these shelters might withstand the strongest earthquake, they are quite unbearable to live in!" (p. 184). They were designed to be resilient to hazards, but not with the eventual resident in mind. The 2012 paper follows up on the housing that was built following the earthquake and finds that, "the initial prioritization of seismic safety, [...] has sacrificed longer-term considerations of comfort, adaptability and



the environment.” (p. 233). There was little consideration given to traditional structures that are sensitive to local environments and the availability of materials (which is important for maintenance).

Wawan, S., Hafidz, W., and Sauter, G. (2009) ‘Renovation not relocation: the work of Paguyuban Warga Strenkali (PWS) in Indonesia’ *Environment and Urbanization* 21, 2, pp. 463-476.

The PWS is an organization of river-side informal settlements in Surabaya, Indonesia’s second largest city. The paper documents how PWS was formed in resistance to eviction on the grounds that river-side dwellers were polluting the river with waste, causing blockages and rising water levels, which posed the risk of flooding along the river. Eviction and relocation was regarded by city and national authorities as the solution to this environmental issue. Residents mobilized under the PWS banner to demonstrate their guardianship of the river to the government and other local residents. Residents were given five years by the government to clean up the river or continue to face eviction. During this time and with the help of local government, PWS dredged the river of waste, cleaned up the river bed, and as they went along reinforced houses. Including local residents in risk management strategies can provide an alternative to state-led resettlement and displacement.


### Housing as a part of city planning

Chant, S. (2013) ‘Cities through a “gender lens”: a golden “urban age” for women in the global South?’, *Environment and Urbanization*, 25, 1, pp. 9-29.

City planning is a highly gendered activity. Decisions on the spatial mapping of housing vis-à-vis areas of industry, schools and transport hubs affect poor men and women differently. In this article, Chant provides an overview of cities through a gender lens and identifies key areas of urban life where gender inequality and injustice persist. She sets the context by looking at changing demographics. Women in cities and women headed households outnumber men and men headed households in Latin America and increasingly in sub-Saharan Africa (although not in Asia); their proportional presence however is not reflected in city governance or city planning at any level above neighbourhood grassroots activism, affecting the representation and voice of women in formal planning processes. This is particularly important considering the evidence Chant presents on the location of poor urban residents away from hubs of industry and/or transport and its impact on women – faced with (unpaid) domestic labour burdens and the need to participate in income generating work (formal and informal), women find their mobility and personal safety restricted by poor transport links between their places of work, chores and caring responsibilities, and overcrowded buses and minivans. Locating poor people away from schools also has a negative impact on girls who may find themselves discouraged from travelling to school, particularly if they need to undertake journeys at dawn/dusk to leave/return home in areas associated with violence.

McIlwaine, C. (2013) ‘Urbanization and gender based violence: exploring the paradoxes in the global South’, *Environment and Urbanization*, 25, 1, pp. 65-79.

Urbanization and city living can heighten the risk of gender based violence against women particularly *and* paradoxically create opportunities to deal with such violence. Urbanization processes and outcomes may exacerbate violence against women in circumstances that relate to urban poverty, living in informal settlements, in places where there is the widespread sale of alcohol, and in urban environments that are poorly lit and un-policed. Triggers of violence include the type of work poor women are engaged in (e.g. sex work and shift work in factories) and fragmented social support networks. Paradoxically, living in cities



increases opportunities for the economic independence of women, increasing options to deal with domestic violence particularly, and increases access to formal mechanisms of justice. UN-Habitat and the UN's multi-stakeholder campaign, UNiTE to End Violence against Women, suggest city-wide interventions for reducing gender based violence such as crime prevention through environmental design (although eliminating opportunities for crime does not address the causes of crime and does not address (or acknowledge) transference of violence or criminal activity e.g. criminals adapt their behaviour to carry out the same crime); strengthening criminal justice systems (e.g. introducing women-only police stations); and community-level safety audits from women's perspectives to raise awareness of the issue.

### **Provision and maintenance of infrastructure and social services in low income settlements**

Ghosh, A. and Kamath, L. (2012) 'Decentralization and Local Government Innovation in Providing Urban Services for the Poor in South and South-east Asia', *Space and Polity*, 16, 1, pp. 49-71.

Continuing the discussion on the relationships between decentralization and service delivery earlier in the Topic Guide, this paper argues that 'intermediaries' –quasi formal and informal institutions, step in to provide services to the poor, specifically those in informal settlements, when national governments fail to do so, and that these intermediaries while enabling access to services are often expensive and unreliable. On the basis of this empirical evidence drawn from cities in Bangladesh, Thailand, the Philippines and Indonesia, the authors ask what role local governments can play in bridging the gap between informal and formal (national) service delivery, and whether decentralization enables greater local government innovation and involvement in service delivery in informal settlements. The authors found that national pro-poor policy and mandates for decentralization enabled local government to act in informal spaces that are not recorded on national maps, while a strong civil society increased the visibility of informal settlements. Innovation in local government service delivery depended on individual characters within municipalities, and without a wider institutional and legislative framework to support these innovations, it was likely they would not be sustained or replicated.

Hall, D. and Lobina, E. (2008) *Sewerage works: Public investment in sewers saves lives*, London: UNISON

The main contention of this report is that national governments and international donors, while committed to improved sanitation in principle do not appear committed in practice because city-wide sewerage demands expensive infrastructure investment that cannot be financed through household cost recovery. Also effective sewerage coverage requires universal over targeted efforts which international donors particularly find difficult to financially support. The authors critique assessments of the Millennium Development Goal (MDG) to halve by 2015 the number of people without sustainable access to safe drinking water and basic sanitation (UN, 2000), arguing that the Joint Monitoring Programme that oversees this goal defines improved sanitation in such ways that, "urban households can be counted as having 'improved' sanitation, even without a sewer connection." (2008, p. 6). So the MDG can be met without city-wide sewerage. The health and environment risks in cities without sewers are very high. Health risks include cholera and diarrhoea, which affects child health and mortality. Environmental risks include contamination of drinking water supplies and ground water. The authors argue that city-wide sewerage requires large scale public investment that is not financed through cost recovery, but across taxes and public subsidies. They also strongly and persuasively argue for city-wide sanitation to be prioritized in state urban planning.





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## Additional resources

**DPU Working Paper series** includes reports on low income housing and urban poverty. Working Papers are available to download at: <http://www.bartlett.ucl.ac.uk/dpu/latest/publications/dpu-working-papers>.



**Global Housing Policy Indicators** – a site that houses data on low income housing policy in different cities in the global south. It is useful for a quick summary of the policy landscape. <http://globalhousingindicators.org/en>.

The 2012 **World Bank's** 5<sup>th</sup> Global Housing Finance Conference drew special attention to rental housing. The panel of presenters spoke to rental housing that is available to a range of renters (e.g. students, working professionals etc.) and landlords (e.g. second homeowners, live-in landlords, large scale commercial landlords etc.). A collection of videos are available at:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTURBANDEVELOPMENT/0,,contentMDK:23142505~menuPK:337184~pagePK:64020865~piPK:51164185~theSitePK:337178,00.html>.

**UN-Habitat** 'Quick Guides' published since 2008 are an Africa and Asia focused parallel series of guides for policy makers on issues ranging from urbanization and urban land to low income housing and rental housing in cities. The series is available to download at: <http://www.unhabitat.org/pmss/listItemDetails.aspx?publicationID=2526>.



## Glossary of key terms

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**Adequate housing** – the concept of ‘adequate’ housing shifts a longstanding focus from quantity of housing stock to quality and whether or not it is fit for the purposes of the user. The design of adequate housing is more likely to involve the user; adequacy can refer to the size of the plot and the proportion of rooms.

**Downward raiding** – is a process where the middle classes buy land from poorer people living in informal or low income settlements in urban areas where land supply is constrained. Poorer residents tend to sell at lower than market prices and often in response to a crisis.

**In situ upgrade** – where infrastructure and housing are upgraded in a settlement on the same site i.e. without the removal or relocation of residents.

**ROSCA** – can be found along the spectrum of informal financial services to semi-regulated – in India for example ROSCAs can be registered as non-banking financial services.

**Tenure** – housing tenure means the rules under which a person lives in a house, flat, room or bed as agreed with the owner (landlord). Land tenure means the rules under which a person can claim to own or has rights to use land.