

Housing for All: A Goal Achievable by 2030

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Urban economy Forum 2020 echoes the global call for affordable housing for all. With over 1.8 billion people living in slums and informal settlements globally, the question remains, when will we be able to achieve the goal of housing for all? Or how can the slogan 'Housing is a human right' be a reality, both in rich and poor countries? The challenge of affordable housing for low-income city-dwellers is all too common.

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The month of October, known in urban circles as *Urban October* begins with World Habitat Day, on the first Monday of the month and culminating in World Cities Day on 31 October with many events taking place throughout. The 2nd Urban Economy Forum 2020¹ (UEF 2020) was held virtually on October 5 & 6, 2020 on occasion of World Habitat Day and the 75 Anniversary of United Nations. The Forum is organized annually by Urban Economy Forum Association (UEF), a non-profit entity based in Canada.

The theme for World Habitat Day this year was 'Housing for All – A Better Urban Future'. While there were several topics of discussion during UEF 2020, Housing for All was a common theme threaded throughout the two-day event. Participants saw affordable housing as a foundation for cities and residents to move toward a more sustainable and prosperous urban future. Over 160 speakers and 100's of participants joined this conversation, including representatives from UN, such as UN-Habitat, UNEP and UNICEF who shared their evaluation of sustainable urbanism to achieve the urban Sustainable Development Goal, while mayors, city leaders, urban practitioners, and academics provided their practical experiences that others could take back home.

UN-HABITAT defines affordable housing as "housing which is adequate in quality and location and does not cost so much that it prohibits its occupants from meeting other basic living costs or threatens their enjoyment of basic human rights" (UN-HABITAT, 2011). The Forum was inaugurated with a message from the Prime Minister of Canada Honourable Justin Trudeau highlighting the importance of UEF2020, which "brings together community leaders and financial stakeholders to monitor, assess and improve the sustainable development of urban economies".

The UN Secretary General Mr. António Guterres and Executive Director of UN-Habitat Ms. Maimunah Mohd Sharif opened The Forum marking this year's World Habitat Day. Speakers shared their knowledge, experience, and practical approaches to achieving housing for all as they discussed affordable housing, housing finance, financing infrastructure and the role of cities in

¹ www.ueforum.org

securing sustainable living for the inhabitants. Lieutenant Governor of Ontario Honourable Elizabeth Dowdeswell applauded participants' virtual engagement amidst a global pandemic and that it was a "recognition that adequate, safe and affordable housing is critical for the health and wellbeing of individuals and communities from around the world". This message was reiterated by the Canadian Federal Minister of Families, Children and Social Development Honourable Ahmed Hussen, highlighting the opportunities that COVID-19 has given rise to and that now it is time for everyone to come together to build a stronger and more resilient country and world.

The Global Housing Crisis

Reinforcing housing as a crucial urban resource should be at the centre of cities and communities, according to Rafael Tuts, Director of Global Solutions Division, UN-Habitat, who also emphasised at UEF the importance of reflecting on the moral aspects of humanity to create positive economic impacts for housing and sustainability.

Studies and trends show that the phenomenon of urbanisation has become unprecedented in history. It is estimated that 70 per cent of world population is expected to be living in urban areas by 2050, up from 55 per cent as of now. Even though the proportion of the urban population living in slums worldwide declined by 20 per cent between 2000 and 2014 (from 28 per cent to 23 per cent), this positive trend recently had set back, and the proportion grew to 23.5 per cent in 2018. The absolute number of people living in slums or informal settlements grew, with 80 per cent attributed to three regions: Eastern and South- Eastern Asia (370 million), sub-Saharan Africa (238 million) and Central and Southern Asia (227 million). An estimated 3 billion people will require adequate and affordable housing by 2030.²

With over 1.8 billion people living in slums³ and informal settlements globally, the question remains, when will we be able to achieve the goal of housing for all? Or how can the slogan 'Housing is a human right' be a reality, both in rich and poor countries? The challenge of affordable housing for low-income city-dwellers is all too common.

Slum dwellers or those living in informal settlements have inadequate housing and have no access to basic urban services. The five largest slums (with modest estimates) are Khayelitsha, Cape Town, South Africa (Population: 400,000), Kibera, Nairobi, Kenya (Population: 700,000), Dharavi, Mumbai, India (Population: 1 million), Ciudad Neza, Mexico City, Mexico (Population: 1.2 million) and Orangi Town, Karachi, Pakistan (Population: 2.4 million).⁴

² [https://unstats.un.org/sdgs/report/2019/goal-11/#:~:text=The%20absolute%20number%20of%20people,Southern%20Asia%20\(227%20million\).](https://unstats.un.org/sdgs/report/2019/goal-11/#:~:text=The%20absolute%20number%20of%20people,Southern%20Asia%20(227%20million).)

³ Definition: Population living in slums is the proportion of the urban population living in slum households. A slum household is defined as a group of individuals living under the same roof lacking one or more of the following conditions: access to improved water, access to improved sanitation, sufficient living area, and durability of housing. (UN-Habitat)

⁴ <https://www.weforum.org/agenda/2016/10/these-are-the-worlds-five-biggest-slums/>

COVID-19 has caused additional challenges for these populations. The World Health Organisation, governments and experts are telling everyone that the best advice to remain safe is to keep social distance, wash our hands and to stay at home! For those on the frontline like the slum dwellers, these ‘simple’ measures are near impossible.

Housing challenges, COVID-19 and their intersection also poses problems in developed countries, where millions are homeless or living in substandard abodes. In Britain, their housing crisis is being exposed as scandal as a recent BBC series to investigate the private rental housing sector. With 20 per cent of privately rented accommodation unfit to live in and 200,000 homes lying empty. An all too common example of the wealthy versus poor.

While bringing the attention to the need for ‘housing for all’ experts at UEF 2020 laid out various policy options for what it would take to provide affordable housing for all within 2030, the year by which the global community is expected to fulfill the Sustainable Development Goals or SDGs that were adopted in 2015 by member states of the UN. One of the SDGs is SDG 11, “Make cities and human settlements inclusive, safe, resilient and sustainable”.

In order to achieve the 2030 goal, the world needs to build 300 million new housing units. This will require a vast investment that governments alone cannot shoulder. It also calls for smart policies that help cities avoid the downsides of urbanization – urban sprawl, insecurity, and pollution.

Looking at India, for example, 42 per cent of its population will be urbanized by 2030—from 31 per cent in 2011. Cities and towns in India will have the unenviable task of ensuring affordable housing for the rapidly increasing urban population, both due to migration and population growth within the cities. In India, cities are ill equipped to meet the housing challenge, due to lack of financial resources as well as insufficient policy framework. In addition, in the current (post) COVID-19 scenario, resources to finance infrastructure are not forthcoming.

Some examples and options

Countries have adopted various models to address housing needs and the affordable housing. India and China have tried market-based solutions relying on credits and subsidies to the private sector. In Brazil and India, in situ slum rehabilitation has also been tried and this is still an option. Support will be needed for neighbourhood-upgrading programmes and incremental housing in informal settlements.

When it comes to financing, in India for example, the World Bank provided financial support for sustainable and affordable housing. This was to finance India’s National Housing Bank (NHB) to

refinance, directly or indirectly through qualified intermediary institutions, low-income housing loans made by Qualified Primary Lending Institutions to primary borrowers to purchase, build or upgrade their dwelling. NHB has adopted a refinancing scheme for secured low-income housing loans to borrowers with formal and informal incomes.

The World Bank points out that addressing the housing challenge requires large-scale investment in housing production. Governments alone cannot meet this burden, so private sector funds need to be channeled into housing investment. In many countries, despite fiscal and financial incentives, only a few private developers are entering the low-income housing segments.⁵

Mass housing strategies should be accompanied by compatible land management and provision of infrastructure and affordable public transit availability for those coming to the city to work. This will also reduce the need for private motorised mode of transport. With long distances to travel to reach their jobs or schools, low-income households end up spending large portion of their incomes on transportation. Housing in remote areas drives up the cost of infrastructure services such as water and sanitation.

Hence as observed by housing specialists, affordability is not just about the cost of building, buying or renting a place to live, but also about having the affordability to live in it. As mentioned earlier, the definition of affordability should go beyond meeting expenses related to operations and maintenance, taking into consideration transport, infrastructure and services. If a home is affordable enough to buy and maintain but located too far from work, school, health and recreational facilities it cannot be said to be affordable. Affordable access to basic services (water, sanitation, lighting, electricity, and waste disposal), legal right to secure tenure and gender-equal land rights, and prohibition of housing discrimination and forced eviction should also be guaranteed to make affordable housing a reality that goes beyond affordability to buy or rent a house.

The factors contributing to a lack of affordability varies from city-to-city, but broadly include housing costs rising faster than incomes, the supply of houses not keeping up with demand, scarcity of land, and demographic changes such as population growth, ageing and shifts in household composition.

The US is currently witnessing enormous homelessness and foreclosures and advocating rental homes as a viable option. Shane Phillips⁶ argues for Supply, Stability, and Subsidy in the US context, meaning enough homes need to be built, having security of tenure as well as protection of ownership rights and provision of subsidies in the form of rental assistance, publicly subsidized housing construction and acquisition, and other programmes to support those who are in need.

⁵ Dr. Narayanan Edadan, Urban Development Perspectives of affordable Housing strategy, Paper presenter at UEF, October 2020

⁶ "The Affordable City' Offers Solutions for the U.S. Housing Affordability Crisis An excerpt from the new book by Shane Phillips, "The Affordable City," published by Island Press in <https://www.planetizen.com/features/110948-affordable-city-offers-solutions-us-housing-affordability-crisis>

The three-S policy framework will mean more affordable housing for all, stability and protection for those who desire it, and abundant resources to assist the most vulnerable populations. There are examples of communities in the United States that have developed inclusionary housing policies, which require developers of new market-rate real estate to provide affordable housing. For cities struggling to maintain economic integration, inclusionary housing is one of the most promising strategies to ensure that the benefits of development are shared widely⁷.

Some of the practices in the US such as the Transfer of Development Rights (TDR) are also being adopted in countries such as India and Brazil. TDR policy involves attaching development rights to specified lands desired by a municipality to be kept undeveloped and allowing those rights to be transferred, so that development can occur in another location. This policy instrument provides flexibility to authorities to compensate landowners through issuing Development Right Certificates that can be used at present market value without incurring any actual outflow of money. This right can be used to build home with larger floor space area or⁸ sold to a developer or a prospective homeowner. The Ministry of Housing and Urban Affairs in India adopted the Value Capture Finance Policy Framework in 2017 in which Transferable Development Rights (TDRs) is among the policy recommendations that can be adopted at state, and city/town levels

In Canada, The National Housing Strategy (NHS) was introduced on November 22, 2017. It promised rights-based legislation to implement the government's commitment to the progressive implementation of the right to housing, as guaranteed in the International Covenant on Economic, Social and Cultural Rights. The right to adequate housing was incorporated into Canadian legislation when the Government of Canada introduced the National Housing Strategy Act on 8 April 2019.

Across Canada, over 235,000 Canadians are experiencing homelessness and 1.7 million Canadians live in housing that is inadequate or unaffordable. COVID-19 has caused joblessness resulting in homeless in various cities in Canada. Homelessness and lack of adequate and affordable housing is a wicked problem that will need collaborative efforts from all sectors of society. During UEF 2020, Mayor Don Iveson of City of Edmonton Canada, supported ending homelessness in Edmonton and called for other cities to join this global call to action.

Solutions to improve the supply of affordable housing should include private-public partnerships, financial sector regulatory and mortgage banking development, as well as improved infrastructure and urban planning. If local governments are to facilitate affordable housing for their residents, they will need to review their current policies and practices. UEF 2020 speakers identified some potential approaches to this, for example, effective regulation by urban authorities of urban land

⁷ Inclusionary Housing Creating and Maintaining Equitable Communities, Lincoln Institute, 2015

⁸ https://blogs.worldbank.org/ppps/transferable-development-rights-robust-policy-tool-address-indias-urban-infrastructure-voids?cid=SHR_BlogSiteEmail_EN_EXT

and property markets through the formulation and enforcement of policy instruments such as land value capture, sale of development rights, developer charges and impact fees, land pooling or land readjustment and inclusionary zoning amongst other measures to improve access to affordable and sustainable housing.

The provision of adequate infrastructure catering to all citizens was also emphasised along with an encouragement to ensure social inclusion and cohesion through mixed income housing and neighbourhood development. Developing participatory visions of a sustainable future, co-produced with all the stakeholders and collaborative governance, while ensuring fair distribution of resources can hold the key to a more equitable future of living.

COVID-19 was also closely examined at UEF 2020 and its negative impacts on the financial sustainability of cities, including how the impacts have affected the most vulnerable populations disproportionately. In many countries, COVID-19 has spread in areas where people lack adequate housing and face inequalities and poverty. The pandemic has also shown how people from minorities, indigenous peoples, and migrants are disproportionately affected by housing insecurity, overcrowding, and homelessness;

Although COVID-19 has caused several challenges and exacerbated the global housing crisis, one positive has been the opportunity for cities to reclaim lost housing from the short-term rental market. With limited tourism, short term rentals are now up for grabs and some local governments are capitalizing on the opportunity. Lisbon, Portugal, for example, have created a program to sign long-term lease agreements on empty short-term rental units and then subsidize these apartments to residents in need.⁹

While there was a lot of discussion on various topics throughout UEF 2020, such as investments in affordable and sustainable housing, civil society participation, low carbon transportation, local and circular economies, making cities food secure and expanding sustainable urban farming, many highlighted the central role that affordable and adequate housing plays to achieve these goals for urban centers. Find solutions to these multi-dimensional challenges will require innovation and creativity, said Eduardo Moreno, Head of Knowledge and Innovation, UN-Habitat and Honorary Chair of UEF 2020.

Investments in the housing sector have one of the best returns in terms of job creation and multiplier effects on the broader economy. For example, in India, it is estimated that every job created in housing can result in the creation of eight indirect jobs in related sectors, such as finance, services, construction or manufacturing.

⁹ <https://www.moneycontrol.com/news/world/coronavirus-impact-with-vacation-rentals-empty-european-cities-see-a-chance-to-reclaim-housing-6014811.html/amp>

Like in most things in life, housing and affordable housing has both supply-side and demand-side dynamics. Policy measures for land acquisition and regulation, upgrading property tenures, financing models, and design and development costs relate to 'supply' side. On the demand side, even if there is an acute need for affordable housing, there are issues related to eligibility criteria for affordable housing, tenure models for different demographics, and not the least provisions for appropriate access to credit.

The UEF 2020 presentations related to cities and housing emphasise that the role of national governments and cities will be effective only through the active engagement of CBOs, civil society, and specifically through the activities of organizations of home users, organizations of slum dwellers such as Slum Dwellers International, of the homeless, of the landless, of federations of the poor and as well as the local organizations and indigenous peoples by which those in need of housing seek to protect and advance their interests.

Cities and people need to work in cohesion at the local, national, and global levels to achieve the SDGs. Sharing evidence-based challenges and opportunities from past experiences is an important mechanism to ensure that limited urban resources are invested in the most impactful policies and programs. Chris Williams, Head of New York Office, UN-Habitat encouraged all participants to interact with the New Urban Agenda Platform, as an important tool for academics and practitioners to exchange knowledge and track progress towards achieving the SDGs.

Way forward

The forum adopted a solution, including these key themes related to housing:

UEF 2020 participants acknowledge, with great urgency, the need to review the wide range of housing finance products that have turned house ownership into the preferred form of tenure, promoting the commodification of dwellings and framework of a house as an investment and not a 'home'. A wide range of tenure options must be explored to balance the tenure options and improve affordability. The Community Land Trust model must be explored in this regard as well as examining how to mitigate the high down payment required on pre-construction purchases, which favour investors over those seeking their own housing, and combating the stigma associated with rental housing.

“Financing the growth of cities and their inhabitants’ livelihoods are among the most significant challenges facing leaders worldwide. Creative approaches are required to build awareness across finance and government sectors to better design, build, and finance our cities’ agents of development regarding the urban SDGs, such as encouraging cooperatives and circular economies.”

It was also agreed that that political leadership needs to come forward, in a determined manner, to take on the challenges of housing, COVID 19 and climate change, by mobilizing urban planners, academia, local governments and regulatory authorities and the citizens. Equally

important is the need for knowledge-sharing –across all the world’s regions – to apply good practices.

There is a need for long term policy frameworks and visions that can withstand the changing nature of the local political context. The availability of financial resources to stimulate affordable and environment-friendly housing programs is needed, which in turn demands sound macroeconomic policies, good government relations with the private sector, viable taxation mechanisms and a degree of openness to offer investment opportunities and capital flows. The state must take a much stronger position on housing, as progress and resilience will not happen under an only for-profit and free market model.

While the focus is very much on house ownership, the potential for rental market has not been utilised to the full extent in many countries. The rental market is designed to ensure that anyone who doesn’t own their own property has access to an affordable home with rent that’s capped. But in the capital city of Stockholm, newcomers of all backgrounds and half a million locals waiting in front of them waiting for a rental house, a figure which doubled from 2007 to 2014.¹⁰

In India, which is in the midst of a gripping COVID 19 crisis, the boom in the residential rental market was encouraged by the recent announcement of the Government of India of the Affordable Rental Housing Complexes (ARHCs) scheme, being implemented by utilizing existing state-funded vacant houses to convert into ARHCs, as also construction, operation and maintenance by public and private entities on their own available vacant land.¹¹ The top 10 states and Union Territories In India with vacant houses contribute to 78 per cent or 8.64 million vacant census houses with a vast potential of being brought under the purview of several rental housing models in the country where real estate sector is expected to touch a market size of US \$1 trillion by 2030 and start contributing 13 per cent of the Gross Domestic Product (GDP) by 2025 One may wish to take this policy option seriously in places like Las Vegas where parking lot hosted homeless people during coronavirus outbreak¹²

As observed by a World Bank expert,¹³ despite government promises to alleviate the situation, most countries are making no progress toward meeting the housing challenge. Thus, ground realities are fast deteriorating and are getting complex for urban planners for viable and doable solutions. A UN policy paper¹⁴ estimates that US\$929 billion is needed to improve the housing of those currently living in inadequate housing in cities, currently available global resources are woefully insufficient to realize the Sustainable Development Goal housing target.

¹⁰ The city with 20-year waiting lists for rental homes, <https://www.bbc.com/worklife/article/20160517-this-is-one-city-where-youll-never-find-a-home>

¹¹ <http://www.businessworld.in/article/Affordable-Rental-Housing-Sector-Set-For-A-Boom/25-10-2020-335537/>

¹² <https://www.cnn.com/2020/04/15/photos-las-vegas-parking-lot-hosts-homeless-people-during-coronavirus.html>

¹³ The challenge of affordable housing for low-income city-dwellers, ZAIGHAM M. RIZVI SEPTEMBER 08, 2016

¹⁴ Preparatory Committee for the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) Third session, Surabaya, Indonesia, 25-27 July 2016 Policy paper 10: Housing policies, A/CONF.226/PC.3/23

Experience from various countries suggest the creation of Affordable Financing Facilities need to set up at the national level. Suggested steps for this are:¹⁵

- The Facility receives and manages the funds to be generated through land value capture mechanism Plows the funds back into infrastructure development and mass provision of affordable (rental and owned) housing, as well as mobility supports to low-income communities augmented by the shelter fund being established by Governments through the national development plans supplement by co-financing from external development partners engaged in affordable housing spaces.
- Collaboration and the sharing of knowledge and innovations to find practical solutions to the global housing crisis is so important for the sustainability and prosperity of cities. UEF aims to continue this ongoing dialogue and gather the international community to work together and find solutions to ensure housing for all becomes a reality.

It is indeed an irony that we spend billions of Euros or dollars or rupees to explore the moon and talk of putting up villages and cities there, while¹⁶ billions of people are still hoping to have a place called home on earth!

¹⁵ Dr. Narayanan Edadan, Ibid.