The background of the cover features a photograph of a slum. The buildings are constructed from corrugated metal sheets, some of which are weathered and rusted. The structures are densely packed. In the foreground, there is a body of water, possibly a canal or a river, with some greenery and debris along the banks. The sky is bright and clear.

IFHP

IFHP Ones

Housing affordability & segregation

Europe and Northeast Asia

International
Federation for
Housing and
Planning

Housing Affordability and Segregation

Europe and Southeast Asia

An International Federation for Housing and Planning review on the role of Housing in the UN-Habitat New Urban Agenda and its implications on housing affordability and segregation in Europe and Southeast Asia.

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IFHP

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Editorial

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**International
Federation for
Housing and
Planning**

Introduction

Under the heading of *Housing for All*, IFHP embraces and investigates a worldwide challenge. In particular, IFHP will focus on implementing the UN Habitat New Urban Agenda, centering on Housing for All in Northern Europe and Southeast Asia, under the 11th Sustainable Development Goal of making cities and human settlements inclusive, safe, resilient and sustainable.

In this urban age, where a new urban agenda is imperative to a sustainable future, IFHP strongly believes that housing is one of the utmost important urban challenges of the century to come. For IFHP it is not about building better housing units, but to make cities better for people. We advocate for people and social cohesiveness as we believe cities cannot function, thrive and innovate without diversity at all levels. With The New Urban Agenda and SDG 11 the platform for the social inclusive city is set. IFHP is driven by taking this forward, and we have the experience and community to do so.

For this reason, the 2016 IFHP Summit is targeted at the 'New agendas for urban development' as we see emerging in cities, civil society, nations and as being advanced by United Nations programs. These will guide the efforts around urbanization for a broad range of actors for the years to come. We advocate that we are not in need of new actors. We are however, in need of new roles and new interdisciplinary collaborations. Implementation of the New Urban Agenda will be challenging, and as active contributors to housing and planning development, it is our task to translate the guidelines on paper into implementation and action. Participants at IFHP Summit and in the activities to follow in 2017 will meet, challenge and share perspectives to learn mutually. The 2016 IFHP Summit and activities aims to serve as a source of concrete examples of urban solutions which can pave the way for the New Urban Agenda. IFHP hopes that in collaboration with its community and partners, we can help make a difference.

As housing that is adequate and affordable is increasingly out of reach for a large proportion of the population, the following document exposes the current housing situation in Europe and Southeast Asia, as these are the two geographical focus points of IFHP programme.

Join us to make cities better for people.

Summary: Ensuring universal access to affordable housing requires urgent global attention. While in different countries and regions the specificities of the challenge vary, the central issue remains: housing that is adequate and affordable is increasingly out of reach for a large proportion of the population. With urban populations increasing and expanding at unprecedented rates, it is not surprising that many cities are falling short in housing supply. By 2025, it is likely that around 1.6 billion people will be in need of adequate affordable housing. This should come as a wake-up call to governments, urging them to act determinedly in order to enable access to housing for all. With rapid population growth, high levels of poverty and persistent urban inequality, it is evident that housing is inseparable from urbanization and should be a socioeconomic imperative. After a long period, housing is emerging as an important sector once again. UN-Habitat's strategy paper: Housing at the Centre of the New Urban Agenda seeks to re-establish the important role of housing in achieving sustainable urbanization. In Europe, very heterogeneous housing markets, make it difficult to propose one single approach to housing policy and housing markets. The rental sector is expensive, home ownership is not an option due to the even higher costs, and social housing is just not enough, with waiting lists growing in most European countries, making entering in the housing market increasingly difficult. These facts, have been leading to generational gaps and overburdened phenomena across the national housing markets in the EU. In Asia, the housing stock is grossly deficient both in quantity and quality. Housing shortages and poor housing conditions are largely the result of the rapid urbanisation that has occurred. Inadequate and overcrowded housing, unsafe water, and poor sanitation in densely populated cities are threatening the health and well-being of hundreds of millions of people. Southeast Asia is steadily urbanising. By 2010, an estimated 41.8 per cent of the region's total population lived in urban areas. By 2025 it will have increased to 49.7 per cent of the total population in the region. Inclusive urban development concerns, not only the currently marginalised, but also the future generations, and unfortunately, many cities are trying to meet the present needs without taking into account the future needs, which might compromise the future generations.

Housing in the New Urban Agenda



Housing determines the mutual relationship between every single human being and the surrounding physical and social space, involving degrees of exclusion or inclusion, in terms of collective and civic life, which, together with socioeconomic conditions, are the essence of urban dynamics. “That is why the fate of housing will largely determine the fate of our cities” (UN-Habitat, 2016, p. 49). The sustainable future of cities and the benefits of urbanization strongly depend on future approaches to housing. Housing accounts for more than 70 per cent of land use in most cities, determines the urban form and densities, provides employment, and contributes to growth (UN-Habitat, 2016).

Therefore, ensuring universal access to affordable housing requires urgent global attention. While in different countries and regions the specificities of the challenge vary, the central issue remains: housing that is adequate and affordable is increasingly out of reach for a large proportion of the population in the vast majority of countries. Housing affordability is an issue in all countries, not only in ‘developing countries’ (UN-Habitat, 2011b).

The World Cities Report 2016 (UN-Habitat, 2016), sums the main challenges:

- Over the last 20 years, housing has not been central to national and international development agendas;
- The housing policies put in place through the enabling approach have failed to promote adequate and affordable housing;
- Most involvement by governments has focused on helping the middle class to achieve home-ownership in a formal sector that only they can afford;
- The slum challenge continues to be one of the faces of poverty in cities in developing countries. The proportion of slum dwellers in urban areas across all developing regions has reduced since 1990, but the number of residents living in slums has gradually increased, Figure1.

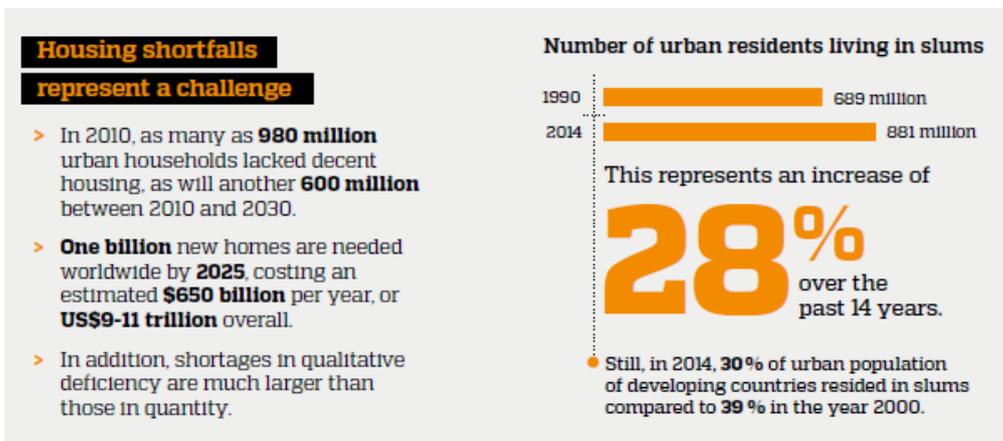


Figure 1 – Key challenges in the Housing sector (UN-Habitat, 2016).

And main policy recommendations (UN-Habitat, 2016):

- If the emerging future of cities is to be sustainable, a new approach that places housing at the centre of urban policies is required;
- UN-Habitat proposes a strategy that places housing at the centre of the new urban agenda and seeks to re-establish the important role of housing in achieving sustainable urbanization;
- At the national level, the goal is to integrate housing into national urban policies and into UN-Habitat’s strategic thinking on planned urbanization;
- At the local level, the importance of housing must be reinforced within appropriate regulatory frameworks, urban planning and finance, and as part of the development of cities and people.

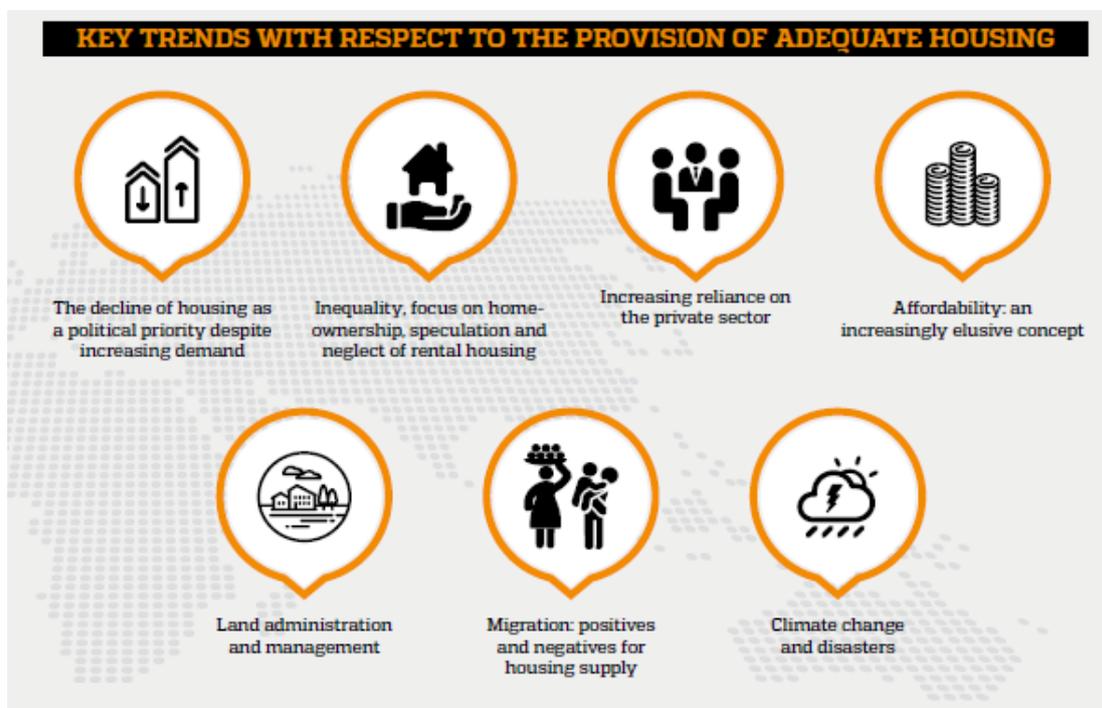


Figure 2 – Key trends for the provision of adequate housing (UN-Habitat, 2016).

With urban populations increasing and expanding at unprecedented rates, it is not surprising that many cities are falling short in housing supply. By 2025, it is likely that around 1.6 billion people will be in need of adequate affordable housing (UN-Habitat, 2016). This should come as a wake-up call to governments, urging them to act determinedly in order to enable access to housing for all. In reality, the same bias has been at work across the world: middle-class formal home-ownership has been systematically “enabled”, but ever-growing numbers of poor citizens have been durably “disabled” from access to adequate housing, remaining confined in single-room or informal housing, not to mention homelessness (*ibid.*).

The importance of housing for Habitat III

“For too long we have put the economy and jobs at the centre of city planning and development. People are what make cities and they would follow the jobs. It is now necessary to think about people’s needs, including where they will live, and put them at the centre of city development.” Joan Clos, Executive Director of UN-Habitat (UN-Habitat, 2016).

Housing is where successive generations find shelter, develop, socialize, are educated and prepare for fulfilling adult lives. Thus, housing speaks to every dimension of personal human development, hopefully generating a sense of identity and social belonging. Both are essential to sustainable cities and their participatory governance. If the “emerging futures” of our cities are to become sustainable, then housing must become sustainable too (UN-Habitat, 2016).

Affordability

Affordable generally means housing expenditure of no more than 30 per cent of household income to one that ensures that a household has sufficient left for non-housing, in addition to housing expenditure. In developed and transitional countries, affordable means housing cost at no more than 30 per cent of expenditure at, or at 80 per cent of, that of the median household’s income (UN-Habitat, 2016).

Since 1996 (Habitat II), housing supply systems have been so focused on large-scale production for sale to the extent that affordable rental accommodation has been neglected, pushing up rentals beyond people’s reach in many European cities. Developed countries promote affordable housing through tax incentives for rental investment, public subsidies to leverage private investment, and greater reliance on the land use planning system to cater for housing needs and to generate opportunities for affordable housing. The reasoning is to stretch limited public funds, increase construction output, stop the decline in rental accommodation and bridge the gap in affordable housing for those between social housing and unassisted home ownership. In developing countries, the focus of affordability has been on those who are just under the formal market, rather than households at/or below median income (UN-Habitat, 2016). In fact, the owner-occupied housing that is affordable to households with 80 per cent of median income is generally built by the informal sector and cannot be provided formally (*ibid.*).

“Affordable housing is broadly defined as that which is adequate in quality and location and does not cost so much that it prohibits its occupants meeting other basic living costs or threatens their enjoyment of basic human rights” (UN-Habitat, 2011b). Housing affordability is affected by many factors. Figure 3 outlines the components of housing affordability for households (UN-Habitat, 2011a). Affordability is principally set by two main variables: capital variables (house purchase costs) and occupation variables (costs associated with keeping the house). The ability of a household to purchase a house is affected by the purchase cost (which is the sum cost of land, infrastructure, building materials and labour and profit) and the ability to finance the purchase (principally set by the finance down payment requirement and the balance of household savings) (*ibid.*).

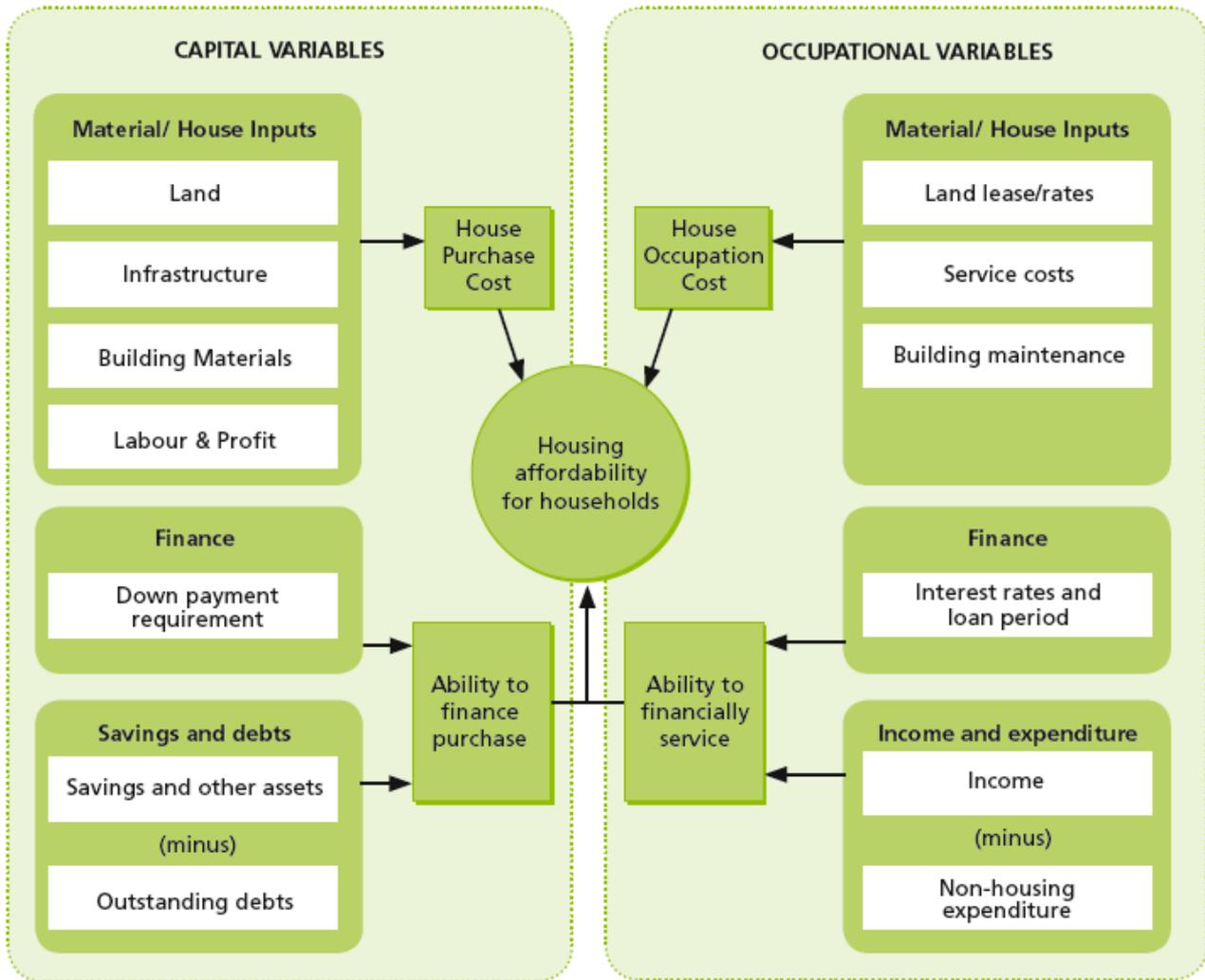


Figure 3 – Basic components of housing affordability (UN-Habitat, 2011a).

Affordable housing. “Affordable housing is housing that is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education.”(Centre for Affordable Housing, 2016)

According with UN-Habitat (2016), affordable housing generally means a housing expenditure that represents no more than 30% of the household income (to one that ensures that a household has sufficient left for non-housing expenditure). In developed and transitional countries, affordable means a housing cost at no more than 30% of expenditure, or at 80 % of that of the median household’s income.

Social housing. There is no single formal definition of social housing. Definitions may relate to ownership - notably non-profit organisations and local authorities; who constructs the dwellings; whether or not rents are below market levels; the relevant funding and/or subsidy stream; and most importantly, the purpose for which the housing is provided. In some countries social housing is formally available to all households, but in most countries, it is actually directed at those who cannot serve their own housing needs (Whitehead & Scanlon, 2007).

A New Approach to Housing in the New Urban Agenda

If cities' "emerging futures" must be sustainable, housing must be placed at the centre of urban policies. With rapid population growth, high levels of poverty and persistent urban inequality, it is evident that housing is inseparable from urbanization and should be a socioeconomic imperative. Governments have backed away from direct supply without giving sufficient consideration to the markets and regulatory framework to enable other actors in the process to step forward and provide adequate and affordable housing. After a long period, housing is emerging as an important sector once again. UN-Habitat's strategy paper: *Housing at the Centre of the New Urban Agenda* (UN-Habitat & Housing Unit, 2016) seeks to re-establish the important role of housing in achieving sustainable urbanization (UN-Habitat, 2016).

The strategy paper proposes to position housing at the centre of national and local urban agendas. The strategy also seeks to shift the focus from the simple construction of houses towards a more universal/holistic framework for housing development, supported by urban planning, that places people and human rights at the forefront of urban sustainable development. At the national level, the goal is to integrate housing into national urban policies and into UN-Habitat's strategic thinking on planned urbanization. National and local authorities should reassume a leading role in responding to housing needs, encouraging pro-poor market mechanism and engaging with all stakeholders, especially poor and vulnerable. At the local level, the importance of housing must be reinforced within appropriate urban planning and as part of the development of cities and people. With the "Housing at the Centre" approach, UN-Habitat will seek to re-establish housing problems and opportunities in the international development agenda in an increasingly strategic manner and in relation to the future of urbanization. To reposition housing at the centre of sustainable development, this holistic framework proposes a twin-track approach: 1) curative - involving improvements to current housing stock, such as slum upgrading; and 2) preventive - involving building new housing stock (UN-Habitat & Housing Unit, 2016; UN-Habitat, 2016), that is affordable and that places people and human rights at the forefront of housing development.

Housing Affordability and Segregation in Europe and South-East Asia

The historic trajectory of housing supply and consumption varies considerably between countries. Their historic experiences largely configure contemporary housing conditions and access, yet, so too does the rapid urban, social, and economic transformations that have categorised European and South-East Asian countries in the last decades.

Europe

Compared with other regions, Europe is overwhelmingly urbanized, with more than 75% of the population concentrated in urban areas. The level of urbanization in Western Europe is 80%, with the United Kingdom (UK) and Belgium exceeding 90%. Countries in transition have an average rate of urbanization close to 61%, which is considerably higher in the largest countries: The Russian Federation (73.3%), Poland (62%), and the Czech Republic (74.5%) (Tsenkova, 2008; UN-Habitat, 2011b).

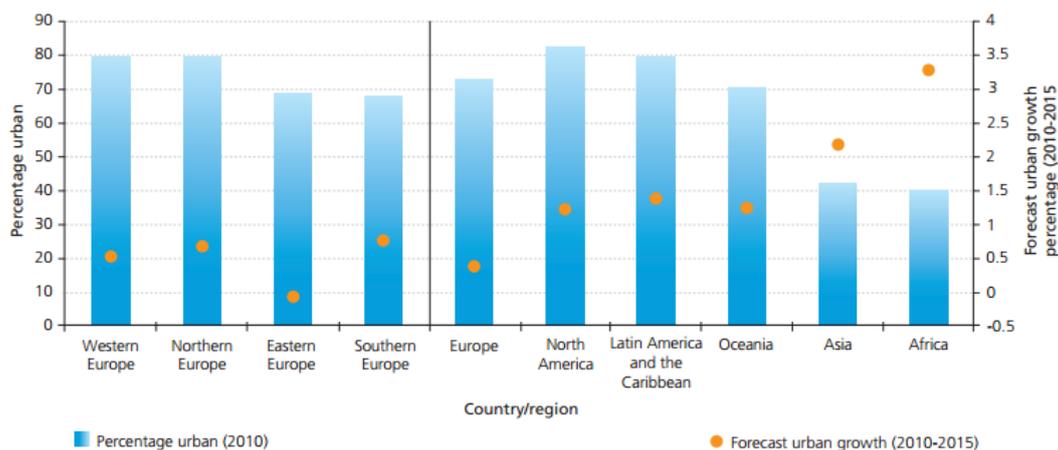


Figure 4 - European urbanization trends compared with other regions (UN-Habitat, 2011a).

Such high levels of urbanization create significant challenges for the provision of affordable housing in large cities. Despite the notable economic success of major urban centres in European countries, globalisation has exacerbated social polarisation and urban poverty. The urban poor are especially vulnerable to economic shocks. They often lack access to services, safety nets and political representation. Cumulative disadvantages, often defined along the lines of gender, age, and ethnicity, create widening social differences between social groups, with low-income, single-parent or women-led households the worst affected by limited options to secure adequate and affordable housing (Tsenkova, 2008; UN-Habitat, 2011b).

While demographic changes have been relatively modest across Europe, poverty has increased. The reality is that over 74 million people in the European Union were at risk of poverty in 2005, with one in six people experiencing poverty. Groups at risk are the long-term unemployed, large or one-parent families, people with a low level of education; and increasingly ethnic minorities and Roma

communities. Some of the common drivers are unemployment or jobless growth, but also regional inequalities and inadequacy of the social protection systems (*ibid.*).

Unlike countries in Africa and Asia, many European countries have no sizeable housing deficit per se and their proportion of informal, un-serviced slums is relatively small. Many European countries have a long history and considerable experience of affordable 'social' housing provision and their land and housing finance mechanisms are relatively well developed which facilitates and widens access to housing. Affordable land and housing problems in Europe stem from dimensions of affordability that are less prevalent in e.g. Africa and Asia. Rising socio-economic inequalities are gentrifying and dividing UNECE (United Nations Economic Commission for Europe) cites and making housing increasingly unaffordable for low-and middle-income households (UN-Habitat, 2011b).

Governments in European countries have largely retreated from providing social housing in favour of 'enabling the market', yet the market has not provided land and housing that is affordable to all. In many European countries urban land management and use is inefficient and is not available for affordable housing at a scale that is required due to inappropriate regulations and zoning, private interests to maximise profits, and in many cases a lack of political will at municipal levels of government to support affordable housing provision (*ibid.*).

The period from 1945 until the early 1960s is considered the 'recovery phase'. The focus was on repairing war-damaged areas and alleviating the severe housing shortages. The dominant housing typology was large-scale social housing, which was heavily subsidised, directed from public resources and motivated by the need for large quantities of housing at low-cost. Housing was viewed as a social right that was to be guaranteed by the government. It was not a commodity with economic dimensions but rather a social service and consequently, housing production, allocation, and consumption was under direct control by governments (UN-Habitat, 2011b). During the early-1980s, a paradigm shift occurred in the Western European housing sector. The economic and social context was changing and the role of the government in direct housing provision was increasingly questioned. The governments' role changed from that of provider of housing [housing as a social right that was to be guaranteed by the government] to enabler of the housing sector to function [liberalization of the housing markets]. Essentially this involved a reduction in government expenditure on housing and removal of inefficient subsidies, especially rental and construction subsidies. Publicly owned housing was sold to sitting tenants, for a low or nominal cost. Although some countries maintained relatively high levels of public involvement in housing, the majority adopted the neo-liberal reforms deemed necessary to enable a well-functioning private housing market. Rental housing was marginalised and private individual home-ownership rates increased (*ibid.*). As a result of the 2008 sub-prime housing crisis that originated in United States, affordability, especially in Western European countries, has become an even more serious social and economic issue. Consequently, many households have lost their homes to foreclosure, and for others purchasing housing is increasingly difficult (UN-Habitat, 2011b).

The state of affordable housing in Europe

Availability of housing

Housing conditions in most European countries have improved in the last decade. The general ratio of dwellings per thousand inhabitants is normally used as a crude indicator of the adequacy of housing provision. The distribution varies, with Finland and France having the highest number of over 500 units per 1,000 residents, followed very closely by Greece, Sweden and Portugal. The prevalence of second homes and vacation homes are one reason why these countries have high housing unit to population ratios. Countries in transition have lower levels, which, despite their lower level of economic development, are nevertheless comparable to those in Western Europe (UN-Habitat, 2011b).

Housing deficit and surplus

Housing shortages across most countries in Europe are often associated with particular housing types, locations and qualities rather than the absolute shortage of housing in general. The question of housing deficits, particularly in Central and Eastern Europe, has become less relevant to market realities. Declining population, emigration and changing consumer preferences as well as ability to pay have shaped housing demand in the last fifteen years (UN-Habitat, 2011b).

Many countries in the region have a surplus of housing. For example, close to 1 million dwellings in the eastern part of Germany, extensively renovated after unification, are vacant. Neighbourhood upgrading programmes in some countries are demolishing unoccupied or unpopular housing, for instance in the Netherlands, Denmark and the United Kingdom (*ibid.*).

Part of the mismatch is related to migration, especially the deficit of affordable housing in high growth urban areas. Locations that have the most dynamic labour markets typically have the greatest housing affordability problems because people migrate to them in pursuit of employment opportunities (*ibid.*).

Affordability

Affordability of housing remains the fastest growing and most pervasive housing challenge in Europe. Housing costs have increased with significant implications for access to adequate and affordable housing, particularly for marginalised vulnerable groups. For the majority of households in most Western European countries it is not that incomes are too low, rather housing is too expensive (UN-Habitat, 2011b).

Housing-related expenditure, the proportion of household expenditure devoted to housing, varies widely across European countries. Housing expenditure comprises such aspects as water, electricity and gas as well as mortgage finance repayments, insurance, municipal rates and land leases. Denmark has the highest percentage (30 per cent), followed by Sweden (28.6 per cent) (*ibid.*).

The performance of the housing market varies considerably across countries in the region. Prior to the 2008 financial crisis, relatively high levels of employment and income growth, as well as low interest rates contributed to strong housing markets. This economic growth, however, contributed to

increases in house price and overall housing demand for owner-occupier housing. Despite growing affordability concerns, housing markets showed few signs of cooling (*ibid.*).

Social housing in Europe

Social housing is owned by local governments or social housing providers. Its share is significant in several countries in Western Europe (Austria, Finland, Sweden, and the Netherlands), while in Germany social housing constitutes only 6 per cent of the total stock and is declining gradually through government transfers. In most transition countries, social housing is not really defined in the legislation; however, public rental housing gradually assumes this function. Public housing is owned by local governments and is concentrated in urban areas. It is often funded with municipal or government/public enterprise funds and managed by municipal maintenance companies, which collect rents and handle tenant agreements (UN-Habitat, 2011b).

Definitions of social housing

There is no single formal definition of social housing. Definitions may relate to ownership - notably non-profit organisations and local authorities (e.g. the Netherlands and Sweden); who constructs the dwellings (e.g. Austria and France); whether or not rents are below market levels (e.g., Ireland and England); the relevant funding and/or subsidy stream (e.g. France and Germany); and most importantly, the purpose for which the housing is provided. In some countries social housing is formally available to all households (e.g. Austria and Sweden) but in most countries, it is actually directed at those who cannot serve their own housing needs (e.g. Netherlands) (Whitehead & Scanlon, 2007).

The supply of social housing

The varying definitions of social housing mean that it is impossible to provide strictly comparable figures on the supply of social housing - rather we must use each country's own definition which reflects their own views of the nature and importance of social housing. The percentage of social housing ranges from a high of 35% in the Netherlands to a low of 4% (after mass privatisation) in Hungary. France has the highest number of social housing units, with almost 4.25 million dwellings in the social sector (Whitehead & Scanlon, 2007).

Trends in the total supply of social housing

In the majority of countries, the social housing stock has been declining. In some countries the numbers have fallen very significantly, e.g. England. Across Europe, the demand for social housing is seen as being generally high and growing, with long waiting lists specially in major urban areas. This is in part an outcome of increasing house prices, which have made entry into owner-occupation more difficult; in part a result of demographic factors, notably increasing migration, which tends to put additional pressure on the private rented sector; and in part a function of the worsening distribution of incomes in many countries (Whitehead & Scanlon, 2007).

Access to social housing

In most European countries there are income limits for households who wish to live in social housing. The formal limits may, however, be so high that most of the population is eligible (e.g. Austria and France). Countries with traditionally near universal access to social housing (Sweden and Denmark) must take care not to run afoul of European Union rules. Under EU legislation, only Services of a General Economic Interest (SGEI) may receive state subsidies, and housing for middle and higher-income groups does not qualify. These countries have had to 'Europe-proof' their social housing sectors by creating a clear division between services that are eligible for government subsidy and those that are not (Whitehead & Scanlon, 2007). Central governments usually make the rules about who is permitted to live in social housing, while local governments or landlords determine whether individual households fulfill those requirements, and assign them to appropriate dwellings (*ibid.*).

Concerns regarding social mix have increasing resonance across Europe, as issues of segregation rise to the surface and in the political agendas. In the same way, it raises difficult trade-off issues, especially in the context of growing problems of affordability, about how to provide for the very poor, the excluded and those with special needs (Whitehead & Scanlon, 2007).

Housing for the most vulnerable

Social housing is used in many countries, to accommodate the vulnerable and those in most extreme housing need, e.g. homeless people, psychiatric patients, ex-addicts, and female victims of domestic violence. Housing for these groups is sometimes known as 'very social' housing and may be provided by different types of landlord - quite often the municipality but also charities (Whitehead & Scanlon, 2007). In political terms it is directly linked to the more general issue of who is seen as the main client group for social housing: low-income working households, or the poorest members of society. This in turn links to wider issues of the scale of the social sector and the availability of other tenures to accommodate lower-income employed households (*ibid.*).

Resume

The overall state of housing in the EU remains unstable, after reached its low point in 2009. Still, many steps remain to be taken to respond the two main alarming issues that are emerging (Housing Europe, 2015):

- There are more people without a home today in Europe than six years ago;
- There are not enough affordable homes available in most European countries to meet the increasing demand.

The housing markets are very heterogeneous across the EU countries, making it very difficult to propose one single approach, at the EU level, to housing policy and housing markets. In fact, it is considered that, the best way to observe the markets is at the national and regional levels, since the metropolitan areas are becoming increasingly denser and that their needs differ greatly from the ones of the rural areas (Housing Europe, 2015).

The rental sector is expensive and getting more expensive, home ownership is not an option due to the even higher costs, and social housing is just not enough, with waiting lists growing in most

European countries, making entry in the housing market increasingly difficult. These facts, have been leading to generational gaps and overburdened phenomena across the national housing markets in the EU. For example, in Italy, Portugal, Spain and Slovakia, that the majority of people aged 18-34 still live with their parents, and this generational gap, together with the economic crises, led a large number of households to be overburdened by housing costs, and more and more families increasingly have more difficulties to cover their housing expenses as the crisis continues (Housing Europe, 2015).

Europe is also building less since the beginning of the crisis, regardless of the sector, and the rising construction costs make it even more difficult for most countries to keep up with the demand. For example, by 2020 Sweden will need 436,000 homes, and in the UK, 245,000 new homes are needed every year and not even half of them are being built (Housing Europe, 2015). The situation of homelessness and the most vulnerable groups is worsening and occurrences of social exclusion becoming more intense. Also, migration flows towards Europe, as well as the increased internal migration between and within EU countries, increases the pressure on the national housing markets (*ibid.*).

The social and affordable housing sector(s) need to be reinforced and supported in order to address these issues, and policy makers need to implement innovative measures that have not been adopted before, e.g. taxation of empty homes or the promotion of usage of empty private housing stock; more broadly, there is a need for strategic approaches and concrete housing policies and targets. Generally, a long-term stable framework for the affordable housing sector is urgent and needed (Housing Europe, 2015).

Asia and Southeast Asia

Access to adequate and affordable housing is a current and growing problem in a majority of countries in Asia. In some cases, it is not because housing is too expensive but rather because incomes are too low; in other cases, incomes are relatively high but the housing supply and finance is limited and therefore expensive. All over Asia households are forced to live in inadequate housing, mostly in slums and informal settlements, because there is an insufficient supply of better quality housing at a cost they can afford. Often, poor households spend an disproportionate share of their incomes on housing, which consequently reduces the expenditure on other basic needs (e.g. food, education and health) in order to meet the housing needs (UN-Habitat, 2011a).

Rapid and sustained urban and population growth in Asia are fuelling the demand for adequate and affordable housing. While in some Western and Eastern European cities, the population is actually decreasing, not one Asian city is shrinking (UN-Habitat, 2011a). *“Urbanization in Asia involves around 44 million people being added to the population of cities every year. To put this in perspective, each day a further 120,000 people are added to the populations of Asian cities, requiring the construction of more than 20,000 new dwellings [per day]”* (Roberts & Kanaley, 2006, p. 2). Asia is also different to Africa and Latin America in that it has precedents of countries that have solved their housing problems. Singapore and Hong Kong, for example, have successfully achieved more or less universal access to adequate housing through a range of policy interventions. Historically they too had slums and significant affordability issues, just as neighbouring countries such as Malaysia, Indonesia and the Philippines face today (UN-Habitat, 2011a).

Urban challenges and opportunities

Urbanisation has placed significant pressure of housing affordability in Asian cities. The urban population of Asia comprises 50.3 per cent of the world's total urban population, equating to over 1.7 billion people. In 1950 the urban population in Asian cities was 229 million, roughly comparable to all other regions. In the space of only 60 years, the urban population grew by over 1.5 billion. Between the years 1950 and 2000 eight out of ten of the world's fastest growing cities were in Asia (Tokyo, Mumbai, Delhi, Dhaka, Jakarta, Karachi, Seoul, Kolkata). Compared with urbanization in Western European countries, Asian urbanisation is much faster. While there have been differences between countries, Asia is united by the overall trend of moving toward an urban future (ISEAS, 2010; UN-Habitat, 2011a). The urban growth and expansion of Asian cities has placed major pressure on land and housing. With the exception of Singapore and Hong Kong, in all countries the construction of affordable housing has not matched urban growth. Urban residents face a lack of housing options that are affordable and well located. The result has been the widespread proliferation of slums and informal settlements throughout Asian cities. Asia has over half of all slum dwellers in the developing world (UN-Habitat, 2011a).

In the vast majority of Asian countries, the construction of affordable housing has not matched urban growth. Due to a lack of housing options, that are well located and affordable, slums and informal settlements have proliferated throughout Asian cities. With few affordable housing alternatives, a significant proportion of urban residents have no other option but to turn to precarious informal housing as a means to house themselves. Although the general trend of rapid urbanisation and population growth is common to all Asian countries, there are notable regional differences. The vast majority of the population live in Eastern and Southern Asia. Eastern Asia has over 40 per cent of the population and Southern Asia 33 per cent (UN-Habitat, 2011a).

Southern Asia has the largest percentage of urban population living in slums (35.0 per cent) and Western Asia the smallest (24.6 per cent), however, the absolute slum population in Eastern and Southern Asia is similar, around 190 million in 2010. Southern Asia will have the fastest and most sustained urban growth in the coming decades, it will more than double its urban population in the space of only forty years (from just under 600 million in 2010 to over 1.4 billion in 2050). The rate of urban population will be slower in East Asia, and South-East and West Asia will have sustained urban growth but far less rapid compared with East and South Asia. High urbanisation and population growth rates will continue to define the vast majority of Asian countries in the coming decades (*ibid.*).

The UN-HABITAT State of Asian Cities 2010/11 report (UN-Habitat, 2011c) reinforces the fact that 'poor access, where any, to decent, secure, affordable land is the major factor behind Asia's abundance of slums. Much larger numbers of people are without a form of secure tenure than with secure land titles. The poor are priced out of formal land markets, on top of which the opportunities for them to squat unused public land are declining'. Economic growth is pushing up land prices and evictions are common, yet they are almost always devastating to households' livelihoods and emotional wellbeing and are seldom effective in solving the challenge of slums (UN-Habitat, 2011a, 2011c).

	Urban population (thousands)	Urban slum population (thousands)	Percentage of urban population living in slum
Eastern Asia	671,795	189,621	28.2
Southern Asia	545,765	190,748	35.0
South-Eastern Asia	286,578	88,912	31.0
Western Asia	145,164	35,713	24.6

Source: United Nations Population Division, *World Urbanization Prospects: The 2007 Revision*.

Figure 5 – regional urban population and slum population estimates for 2010 (UN-Habitat, 2011a).

Self-built housing in informal settlements and slums were proposed to be the solution to the housing deficit, not the problem. Housing, it was argued, was best developed by the poor themselves, within a supportive regulatory and institutional framework. Nevertheless, the widespread implementation of self-help housing programmes in Asian cities remained limited (UN-Habitat, 2011a).

While popular processes of self-build and bottom-up development did eventuate, they were not a long-term or large-scale solution to the immense housing demand facing Asian cities. Urban residents in Asian cities were faced with unsupportive institutional, regulatory and economic arrangements that prevented them from undertaking self-help housing projects within the formal regulatory system. Likewise, such processes could not deal with inequalities in land ownership. With land in many Asian cities highly privatized, self-help housing was constrained by unsupportive institutional structures and unequal land ownership. Therefore, while the poor could often develop and build their houses their efforts were constrained by the wider structural setting. While the self-help paradigm dominated global housing policy discourse, housing sector practice was extremely diverse (UN-Habitat, 2011a). There were those countries with expanding economies and relatively well functioning markets with a range of housing options, e.g. Singapore. There were others that continued to ignore low-income housing and the proliferation of informal settlements and slums. There were those who continued with direct high-density subsidised housing provision, e.g. Malaysia (*ibid.*).

In many ways, South-East Asian countries were global pioneers in slum upgrading programmes. For instance, the Kampung Improvement Programme (KIP) in Indonesia, introduced in 1969, installed much needed infrastructure and improved the urban environment in rapidly deteriorating slums. Thailand is another notable example of the upgrading of informal areas. While such upgrading programmes did not focus on housing construction, their actions in effect gave de-facto tenure to residents which in turn promoted housing consolidation and improvement (UN-Habitat, 2011a). In South and South-East Asia in particular, industrialisation and export orientated growth fuelled strong economic development during the 1990s, which had significant structural effects, particularly for housing affordability. While the financial crisis of South-East Asia in 1997 slowed economic growth and cooled housing markets, the effects proved not to be structural and in the last decade, there has been an unprecedented rise in South Asian property prices (*ibid.*).

Rapid economic growth from export oriented industrialization reinforced the role and growth of primate cities, in turn exacerbating housing demand in such cities, for example Bangkok, Manila, and Kuala Lumpur. A considerable increase in foreign investment coupled with sustained high urbanisation rates increased urban land and housing demand and prices, as cities became hubs of economic development they attracted rural migrants and international capital. Consequently, with a lack of government policies and programmes, informal housing approaches continued to be employed even though they became increasingly constrained by lack of available land. While self-built housing in slums and informal settlements has traditionally been seen to be a temporary phenomenon, Asian cities demonstrate that economic growth alone does not guarantee that those living in slums can or will move to better housing. Private housing supply caters mostly to upper income households where it is profitable for private developers to produce housing, which often results in a detrimental mismatch of supply and demand (UN-Habitat, 2011a).

The state of affordable housing

The housing stock in many countries in Asia is grossly deficient both in quantity and quality. Housing shortages and poor housing conditions are largely the result of the rapid urbanisation that has occurred in the region. Inadequate and overcrowded housing, unsafe water, and poor sanitation in densely populated cities are threatening the health and well-being of hundreds of millions of men, women and especially children, and the consequences for not dealing with these conditions for governments are far-reaching (UN-Habitat, 2011a). In Southeast Asia formal housing delivery processes in most countries kept pace with the increased demand arising from urban growth up until the financial crisis of 1997, when the economies of many countries in the region declined or stagnated. Consequently, their housing deficits are less pronounced than other Asian sub-regions, although there are still deficits to address. Indonesia now needs to house approximately 735,000 new urban households per year (*ibid.*).

Malaysia is expected to require about 709,400 new housing units between 2006 and 2010. Like most other South-East Asian countries, the Philippines has considerable housing deficits. Between 2001 and 2004 the estimated need was 3.4 million units. The Housing and Urban Development Council (HUDC) estimated that between 2005-2010 the national housing deficit was 3.75 million units. The largest demand was from new household formation (2.5 million units), followed by the backlog (984,000), overcrowded houses (387,000), informal settlers (588,000), substandard housing needing full replacement (186,000) and homeless (8,300).⁵⁹ Supply has not been able to meet demand, for example in 2006 the HUDC was only able to build some 57,684 new housing units (UN-Habitat, 2011a). The tsunami that struck the Indian Ocean region in December 2004 severely affected the coastal areas of the Indonesian province of Aceh, Malaysia, Myanmar, Southern India, Sri Lanka, Thailand and the Maldives. It caused enormous destruction and suffering, claiming over 250,000 lives and leaving millions more homeless or displaced. In the aftermath of the disaster, a majority of the survivors were forced to seek temporary shelter in tents and shared barracks. One of the most pressing needs remains the provision of adequate permanent housing at affordable cost (*ibid.*).

Urbanisation trends in Southeast Asia

Southeast Asia is steadily urbanising. By 2010, an estimated 41.8 per cent of the region's total population (or almost 245 million people) lived in urban areas. In 1950, this was only 15.4 per cent,

and by 2025 it will have increased to 49.7 per cent of the total population in the region. However, urbanisation levels vary widely (ISEAS, 2010). The economically most advanced countries (Brunei, Malaysia and Singapore) have levels of urbanisation above 65 per cent, the economically least developed countries (Cambodia, the Lao PDR, Myanmar, Timor-Leste and Viet Nam) have levels of urbanisation below 34 per cent. The majority of the urban population of Southeast Asia (67 per cent) lives in small cities and towns with less than 500,000 inhabitants. These small cities and towns often struggle to improve the local economy and develop infrastructure, because they lack urban management capacity. The growth of the urban population occurred in tandem with the growth of the region's economy. Port cities, connected to global markets, became major economic centres - Singapore, Manila, Bangkok, Jakarta, Ho Chi Minh City, and Hanoi (ISEAS, 2010).

However, and despite the rapid economic growth, some cities need to develop their economy and others need to renovate it, in order to be able to compete globally to attract foreign direct investments. In the past, they could compete on low labour costs and good connectivity, however, there has been a shift in the global economy from manufacturing to services. Thus, to compete, urban areas need to develop higher-added value sectors, particularly knowledge-based services, as they require a highly skilled labour force, good infrastructure and services, as well as an attractive living environment (ISEAS, 2010). Important to note that, inclusive urban development concerns, not only the currently marginalised, but also the future generations, and unfortunately, many cities are trying to meet the present needs without taking into account the future needs, which can compromising the future generations (ISEAS, 2010).

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