

**SUSTAINABLE STRATEGIES FOR THE PROVISION OF
HOUSING WITH MARKETING FACTORS FOR
PARTICULAR MEMBER COUNTRIES OF ASIAN FORUM**

**Asian Forum Group Session 1: Presentation Paper on Sustainable
Building in Asia**

Prepared by:

Shashi Bahadur Thapa

- Chief Technical Advisor,
M.R. ASSOCIATES, Kathmandu.
- Technical Advisor to Lalitpur Sub-Metropolitan City, Nepal.
- Technical Expert to Social Service Center (NGO), Nepal.

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Institute of International Harmonization for Building and Housing (iibh)
Tokyo, Japan.

S.B.Thapa

Email: smsh@col.com.np or smsh@silvermountain.edu.np

Tel: +9 77 1 4279530 / 4286482

Fax: +9 77 1 4444086

Post Box No: 8856, Kathmandu, Nepal

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Sustainable Strategies For The Provision Of Housing With Marketing Factors For Particular Member Countries Of Asian Forum

Shashi Bahadur Thapa

This paper is based on the discussion “ Sustainable Building ” from the last two successive meetings of Asian Forum. My personnel insights gained through numerous years of national experience and in my own capacity and different references studies concerning Housing and Urban Development aspects in developing countries showed that sustainability on sustainable buildings can be achieved as long as some very basic issues are examined developed and implemented in proper way. Here, I tried my best to explain the tools (approaches), concepts (methods) and some views (request matters for Asian Forum) for the provision of housing in developing countries. The proposed theme is a subject of discussion which is a simple, in this, if we contribute or add more inputs with new vision, may help to have a part of sustainable housing development, which will act at end make housing for the well being citizen. This requires a good practices understanding of the present planning and also improvement of the professional planning practices and exchange of information on different planning systems, technologies and experiences. In fact, all countries have systems, which are designed to regulate the use of land in the public interest. Although the scope and method of operation differ greatly from one country to another. The Asian Forum Sustainable Buildings movement began to take place form 2002,now time has come for Asian Forum authority to start the pilot project for the poor people of the Asian Forum member countries in the line with “THINK ASIAN FORUMMLY, ACT LOCALLY”, this slogan which aims to improve health, housing need and well being of people living and working in this region.

This paper has three parts. Part-I is concerned with Nepal Land ownership system, Nepal’s housing policies and housing conditions. Part-II deals with housing delivery approaches, housing strategies, sustainable housing strategies, key factors on housing process, sustainable housing financing. Part-III is the concluding part of the paper where simple housing technologies, explanation on multi sector investment plan on housing, land pooling technique on housing development.

PART I

Nepal is a small landlocked country in South Asia sandwiched between china and India. Nepal is urbanizing very fast at an estimated annual growth of 7% and now its level with rise from 16 % to 32 % by the year 2025. Nepal National Housing survey 1991 indicates that a majority of the families live in their own houses. In the country as whole 86% of the households live in their own houses, 6.7 % are in rental accommodation and about 7.21% are squatter’s .The corresponding figures for the urban areas of Nepal are 67%, 24.46% and 8.61% respectively. As majority of houses are privately owned, the right of access to and use of land and property is underwritten by a well-defined legal and administrative framework. The land and property holder through an ownership document can exercise the full right to possess or dispose the land and property as long as he pays the land revenue and property tax. But 25% of urban households live in a rental

Accommodation; no specific law exists in the country dealing with landlord/tenant relations. The dual ownership of land, as stipulated by the Land Act in Nepal creates a problem. Both the owner and the tenant who tills the land have a legal right to the land.

The constitution of Nepal of 1990 includes a provision for making arrangement and create favorable atmosphere in order to fulfill the need of dwelling units in the form of a basic need of the entire people. The national shelter Policy -1996 has the basic objectives are to facilitate the housing production, ensure self reliance, clarify the roles of various actors, facilitate the working of housing and land markets and reduce the adverse impact on environment. The stated policy is shown in the Box-2.

For any nation, housing construction is a key economic sector. In mixed economics, it helps the capitalist mode of production. The increased consumption of building materials helps to strengthen the capital. Now housing programmes provide an easy access to income, this is one way of thinking but it is quite different to basic needs approach. In the process of providing themselves with shelter, people want: a good location, land, building materials, finance, technology, amenities, security of tenure and good environment. Against what the people want, the government housing (mass housing) provides one type of housing out of several types, produced one way out of several ways. What can be learnt from the failure of mass housing in the most countries is that the government's response should be directed towards the provision of what the people want. The differences between the existing popular housing and government housing and planned approach housing can be illustrated as follows in figure -1.

Government housing——>*Land*——>*Services*——>*Building*——>*People*

Existing Popular Housing——>*People*——>*Land*——>*Building*——>*Services*

Planned Housing——>*Land*——>*Services*——>*People*——>*Building*

The present understanding of housing is based on the need for providing the people with access to the housing elements whereby all the people can be reached through the governments' strategy and programmes.

In Nepal, there are altogether 3,000,000 dwelling units, out of that; there are 2,700,000 dwelling units in rural areas and only 300,000 dwelling units in urban areas. The shelter requirement may be 5 % a year. On the basis of the above data, it is estimated that the total of 2,500,000 new dwelling units are required for the period of 1992-2006. The housing situation of the country is relatively better in terms of tenure ship and housing supply but the existing dwelling units are sub-standard and are facing the problems of dampness, leaking roof and weak in building structural parts. The housing are under constant threat from landslides, flood, fire and earthquake.

Part II

In earlier times, housing programmes tried to build complete houses and the cost of providing housing prices was much too high. Mass housing could thus meet only a small fraction of the total housing need. In late seventies and early eighties, site and services

Project was used for the mass housing program but this approach also could meet only the fraction of the need. The concept of 'right to adequate shelter' should be locally interpreted to ensure accessibility and affordability. The government will work towards creating such conditions, as all families will be able to satisfy their shelter need over time. Shelter policies should be based on the awareness and understanding that poor and disadvantaged group will build the majority of housing they need by themselves. Housing strategies should be designed as: (also in box #4)

- a. To develop cheap, affordable and sustainable design practices.
- b. To increase access of the poor to building materials by encouraging small producers, labor intensive methods, equitable distribution system, and research indigenous building materials.
- c. To make housing loan easily available to the target group.
- d. To increase the access of the people to land for housing by initiating innovative land development projects.
- e. To disseminate information and generate adequate awareness of the people on sanitation, health and environment.
- f. To mobilize and generate resources of housing from the people and develop cohesive communities.
- g. To manage housing development through the initiation of decentralized building process, privatization, more equitable distribution of resources and developing local cadre.
- h. To promote research work on housing production and improving the housing process.

Box#4

In reality as well as in the past, in number of countries, governments often tried to implement a housing policy by executing a series of different types of housing projects but these almost ran into difficulties. The policy was unsustainable because it depends on the target group. Therefore sustainable housing strategies need to aim at promoting the supply of housing without the need for repeated government interventions to keep the process going. Thus, the role of the government is to enable the private-commercial and non-commercial sectors to supply as much as different kinds of as possible and to facilitate the process.

The key factors that influences house prices as in box #5:

- a. Land with infrastructure
- b. Regulations
- c. Finance
- d. Enterprise.

Box#5

An important part of the price of the house is the cost of the land. Consequently, the measures to increase the supply of land are essential to reduce the price of land or at least stop it from rising too fast such as land readjustment or land pooling programme can also help for housing programmes. Legal and regulatory measures can also increase the supply of land. Examples are vacant land tax and the introduction of related laws.

Standards, regulations and procedures are another factor in supply of affordable housing but high standard, very rigid regulations and lengthy procedure, which tend to drive price upwards. The procedures in developing countries are usually tedious, time-consuming, and expensive. Therefore, approval procedures need to be transparent and short, if possible to have one stop window. Standards and regulations should be as much as possible according to income groups and types of housing.

Financing is equally important for developers and homebuyers. Many developing countries do not have a housing finance system that reaches the target income groups. There may be good reasons why there is no good housing finance sector such as:

- a. A majority of a population is simply too poor to save in bank.
- b. Banks do not want to lend money for housing.
- c. The population does not fully trust banking system.
- d. The banks are only prepared to lend for a short period of time.
- e. The bank interest rates are too high on housing part as compared to other loans.

Therefore, long time borrowing (such as mortgage –loans) requires long term lending which is one of easy way to support housing program for target groups.

Housing market there are few enterprises with their own funding who are prepared to take risk and develop housing for sale. Enterprises often depend on a large extent on a financial institution and the down payment of the homebuyers to finance their project. In housing delivery, as developer needs good financing skills, a good reputation and good marketing skills to be successful and this can only come with experience.

WHAT IS THE “SUSTAINABLE HOUSING FINANCING”FOR A COUNTRY STRATEGY? Sustainable Building Finance has three major dimensions as shown in box #6:

- a. Stable political sustainability of the strategic decision and programs.
- b. Operational sustainability
- c. Long-term financial sustainability.

- a. For program to be politically sustainable, they should have broad support and strong commitment from the stakeholders with an active participatory process. Unstable political situation creates lot of problems for the said programs.
- b. Operational sustainability should be ensured by technically well0prepared feasibility studies with address social and ecological aspects of the projects and also to have good relationship with target groups.
- c. Long-term financial sustainability depends on sound fiscal management of the program, well resource mobilization systems, development of broad local taxes system and credit support program for the investors.

Box#6

PART III

Technology is a key component of Housing development strategies. Housing shortages in developing countries are bearing the burnt of this due to the population explosion. Half of the world's population lives in cities and two out of three cities dwellers live in THIRD WORLD. Three-quarters of the world's mega cities in the future will emerge in the developing countries as shown in the table. Without appropriate technology, concern institutions could not begin to cope with sustainable city problem such as housing production and its market system.

Whatever the problems, chances are that technology can contribute to an important part of the solution. However, technological decisions require serious care. Not every technology is appropriate due to differences in geography, economy, standards of living, social conditions and culture. The most appropriate technology will require a degree of learning and innovation to allow for a best fit to the problem at hand and the solution desired.

In housing development we have to use labor-intensive technologies are more appropriate than capital-intensive technologies. Labor intensive technologies have lower capital costs, employ more workers and produce goods and services, cheaper to operate, easy for maintenance and repairs and more widely affordable by wider section of population .In the housing development and market aspects, the main goals of the technology policy should therefore be geared to: (Box-7)

1. Develop local building materials
2. Utilize the existing labor and skills in proper way.
3. Make improvements in traditional construction technologies.
4. Adapt technologies to local conditions and encourage the learning-by-doing process.
5. Encourage inter regional technology transfer by sharing experiences and disseminating information widely.
6. Improve the management practices.
7. To explore on availability of capital.
8. To mobilize resources in a right way.
9. Develop technical capacity as professional manpower.
10. To promote research and development programs.

Box #7

In the sum up, which one is important technology for the development of the housing programs that depends on number of factors to be considered in deciding what is appropriate, which is shown in box-8. In considering various factors, it is important that "appropriate" be seen in relation to level of development and economy.

Due to complexities of housing development and its market potentials and risks, it is necessary to develop planning, management, financing and legal tools and mechanisms to facilitate the process. The physical planning tools tried to work in isolation, it failed in past. Due to urban complexities, indicating a need for integration of planning at various levels (national to local levels). The "Integrated Action Planning" is appropriate tool which is defined as a community driven, participatory planning process to facilitate development through the identification of realistic and affordable projects, integrated within a multi sector investment plan (MSIP) to support the goals of a physical and environmental development (PEDP)(its flow charts are shown in fig: 2,3 and 4)

The integration of planning with action is possible only through the judicious use of such tools. In housing development process, land use is changed by action and projects. Actions are influenced by funding, participation, market forces and interests. Then the land-use plans should therefore be realistic. After that, legal tools are needed to ensure equity, access and to establish ownership rights. Management tools ensure better participation, partnership formation and prioritization. Investment planning tools ensure the flow of funds continuously in a desired direction. In multi sectoral investment planning, the programs run by different actors should therefore come under a general investment-planning framework for sustainable housing financing. MSIP provides an umbrella framework under which many actors can work in a coordinated manner. MSIP is viewed both as a planning and investment tool to ensure appropriate funding of housing and infrastructures. It is a process for setting investment priorities .It helps to translate plans into action. It links planning with budgeting and hence action, this type planning tools is very helpful to solve the housing problems of developing countries. MSIP offers many advantages as follows: (shown in box-9)

- a. Once investment-planning framework is agreed upon, interspace, inter-sector and inter-agency coordination will be improved.
- b. Activities take place when backed by investment. There will be constant interplay of market forces.
- c. MSIP process urges local governments to work as corporate bodies with financial liabilities and accountability.
- d. It helps to establish good relationship, financing-production-cost recovery financing to ensure sustainable development.
- e. It creates competitive market environment.
- f. It ensures balanced development.
- g. No problem on the project sites.
- h. It makes the project transparent.
- i. It is a grass root planning approach program.

Box#9

MSIP will influence the implementation of urban projects by relating the demand for resources with infrastructure, housing, expected returns and development goals.

There is also a technique called LAND POOLING/READJUSTMENT has a potential for planned provision of housing and its related infrastructures in the project. This type of technique is very useful to handle the housing problems of developing countries. The process of land pooling is presented in fig-5. The land pooling helped to improve the housing program by (shown in box-10)

- a. Providing infrastructure and services in the most economic way.
- b. Discouraging the urban sprawl growth.
- c. To support the supply of land for housing without external investment
- d. It is a simple mechanism to recapture the earned income and alternative to finance urban infrastructure.

Box#10

But, still there are some emerging issues on land pooling (also shown in box-11)

- a. Land prices increases erratically.
- b. Tenants get smaller site plots.
- c. No easy access to low income groups to have housing plots.
- d. All the profit goes to landowners.
- e. Landowners are only concerned with the financial prospect in monetary terms not with the social objectives of the programs.
- f. Infrastructure within the program is not integrated with the infrastructure out side.
- g. Financial returns are short terms concerns.

Box#11

Therefore the Land pooling program can be used as an effective tool for housing delivery with infrastructure, the following tools are added and integrated with: (as shown in box-12)

- a. Involvement of private sector.
- b. Partnership building.
- c. Bankable approach for housing production.
- d. Set program long-term housing sustainability with its market.
- e. To develop market incentive for attracting investment to housing development.
- f. To create housing process as a capital marketing.
- g. To establish good urban governance that stakeholder not only contributes their financial support but also benefit from the housing process.
- h. Make environment for the poor people to have access to banks, where they can obtain micro-loans for saving and loans associations.
- i. To promote rental housing programs.
- j. To ensure sustainable housing and market development through appropriate technologies, planning and thinking.

Box#12

Conclusion:

The number of issues are seen in the field of sustainable housing and marketing process so that through housing process initiated by the people themselves, their concerned institutions are urged to provide housing, infrastructures and services and the demand is created for the private sector to operate. Housing process initiates the shaping of future towns and saves the existing towns from major catastrophes. Housing and infrastructure development works create jobs and generates employment opportunities and have significant multiplier effects. The MSIP and land pooling approaches are choice tools for solving some issues on housing process, but some modifications are required according to the strategies of sustainable housing and marketing process. To ensure sustainable housing and market development at all levels, long term strategies should be based on: land policies, infrastructural development, appropriate technologies, good public-private partnership, balanced financing, affordable approaches, creating balanced urban-rural developments.

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