



The Case For Incremental Housing

Prepared for Cities Alliance by Patrick Wakely and Elizabeth Riley of the Development Planning Unit Associates

Introduction

Over the last two decades, the failure of standardised contractor led housing delivery models to respond to the sheer scale of need of the urban poor raises the question of whether the time has arrived to revisit the “incremental housing” approaches of the 1970s-1980s as a more realistic approach to meeting the housing needs of the urban poor.

The basis of “incremental housing” was that the cost of housing could be reduced by recognising that poor urban families already build and extend their own dwellings incrementally in response to their needs and the availability of resources. The approach was to improve on this by providing appropriate legal and technical supports. This took two forms: 1) the environmental upgrading of existing informal settlements with safe water, sanitation, drainage, electricity and access ways; and 2) providing recognised title to new plots of serviced land – sites and services (S&S) – on which households could build their own dwellings.

Many projects that were ‘evaluated’ only one or two years after their start were (erroneously) judged to have failed, whereas revisiting them a decade or two later attests to their success [see

photos]. Over time the social and economic benefits of engaging communities and the realistic time needed for poor householders to build better quality buildings has become clearer. This learning provides the basis for re-making the case for incremental housing.

The Case

The case for governments to support participatory incremental housing strategies for low-income groups rests on a set of six interrelated arguments.

1) The numbers case

Governments do not have the mix of resources to build subsidised completed dwellings for all low-income households. Every day people demonstrate their own ability to house themselves even if they cannot afford to do so legally in the formal housing market. By engaging and improving the production and management of peoples’ own strategies

The CIVIS series shares knowledge and learning arising from Cities Alliance projects and other activities in slum upgrading and city development strategies. It also serves as a platform for policy dialogue and debate among city development stakeholders, including national and local governments, donors and slum dwellers to impact change in the lives of the urban poor and advance the urban development agenda.

for the development of their dwellings and neighbourhoods, a far greater number of legal, safe and healthy dwellings affordable to low income groups can be procured than by conventional approaches. However, to be effective support to both the upgrading of existing informal settlements and the supply of S&S plots must be at a scale that matches demand. By switching from a 'supply approach' to a 'support approach' to housing policy in the 1980s, the Government of Sri Lanka's 'Million Houses Programme' achieved a ten-fold increase in the number of low-income families reached.

2) The financial case

Even poor households are able to raise significant sums through savings and borrowing to invest in housing and neighbourhood development, provided that the security of their investment is guaranteed. Few households will invest their resources in building good quality housing – or improving and maintaining their neighbourhood infrastructure – if they are under the threat of eviction due to the lack of legally recognised title. By providing security of tenure to land and property and ensuring access to reliable urban services, low-income households and governments are able share the cost of incremental urban development with communities. It is estimated that for every dollar of government input to the Parcelles Assainies S&S project in Dakar, Senegal in the 1970s, \$8.2 of private funds were subsequently invested in housing and local facilities.

3) The urban management case

The basis of incremental housing is that government does what households cannot effectively do – assemble land and provide trunk infrastructure and services – and households do what governments cannot do efficiently, construct affordable dwellings that meet the priorities and resources of their occupants. By recognising the most effective levels of decision-making – national, municipal, community, household – and delegating authority to the most appropriate level and actor, partnerships can be built between government, the private sector, civil society and community

groups that enhance the efficiency of urban management and the administration of urban services. In the citywide Favela Bairro upgrading programme in Rio de Janeiro, Brazil in the 1990s authority for the administration of urban services was devolved to local partnerships of residents associations and the field offices of state and private utility companies. This improved the delivery, maintenance and management of water, sewerage and electricity at the same time as reducing the administrative overheads of meeting the changing needs and demands of the incremental settlement upgrading process.

4) The urban development case

Incremental housing strategies provide an opportunity to regulate ongoing informal (illegal) urban development processes and ensure adequate as well as relatively efficient provision for infrastructure and service delivery and rational land use. It has the ability to shape the development of towns and cities in accordance with strategic priorities developed for an entire urban area, rather than just engaging in small-scale fire-fighting. Supported incremental housing can be a means to reduce uncontrolled low-density urban sprawl in favour of high-density compact development. By planning areas of legitimate low-income housing development as part of an integrated urban development strategy, governments are able to set strategic priorities for an entire urban area. In the context of a citywide development strategy (CDS), the Municipality of Aleppo in Syria has established an Informal Settlements Development Department to integrate the 'formalisation' of existing informal settlements, which account for some 45 per cent of the population, as well as new illegal housing areas that are growing on the urban fringes.

5) The governance case

The organisation and management of incremental building processes, and particularly engagement in the installation and extension of neighbourhood infrastructure, provide a means to the development of decentralised participatory decision-making and governance.

Good governance not only helps to ensure transparency and accountability in the management of the financial and physical aspects of housing and neighbourhood building, it is a vehicle for community development that can stimulate a wide range of local development activities. Participation helps to create a sense of ownership and pride in the local environment that engenders a responsibility for the maintenance and management of community assets (streets, drains, street lighting, public open space, even schools and clinics). The Busti Baseer Odhikar Surakha Committee (BOSC) structure, set up in Dhaka, Bangladesh in the late 1990s by a coalition of NGOs, has established a citywide network of 'accountability mechanisms' to incorporate the urban poor in urban governance working with the city's Ward Commissioners, the lowest level of public administration. This interface between government and organised representative non-governmental bodies has become widely accepted and works well in many of the city's 90 wards, reducing corruption and giving voice (and confidence) to low-income communities.

6) The social and economic development case

Incremental housing processes can be an effective catalyst to the social and economic development of poor households and communities. Organising to engage in developing their housing and local environment inevitably brings people together in a 'common cause'. This presents an opportunity to develop and consolidate social solidarity and to introduce and support local enterprise initiatives and employment, notably in the infrastructure and house construction activities of the projects themselves. It can also build social capital around issues that are not related to the immediate urban environment, developing wider networks and involving other groups, for example sporting or cultural activities that engage the youth and/or women. The importance of organised household savings activities both to support house building and enterprise development is becoming well understood as a significant factor in local economic and social development. In Cambodia, the Urban Poor Development Fund supports a growing number of

community-based savings groups, largely run by women community leaders. These groups provide loans and grants for land acquisition as well as for upgrading, house building, income generation and food production.

The Components

Many early projects confined their support to the provision of land and infrastructure. However, subsequent experience shows that in order to make incremental housing strategies sustainable and to take them 'to scale,' a wider range of issues has to be addressed.

a) Land

Land is the principal component of government support to housing for urban low-income groups. In making land available for incremental development, consideration needs to be given to three basic aspects: its location, price and title.

The selection of the right land for incremental housing development is crucial to success. Land is often acquired because it is cheap. Ultimately, it becomes expensive to both communities and government when the cost of extending infrastructure and the loss of socio-spatial support networks to families is factored into the equation. The identification of land on which to develop S&S for low-income housing requires a much more rigorous analysis of its costs and benefits than merely its initial price and the cost of servicing it. It entails an assessment of the social and economic costs in use by the intended beneficiaries in a context of often wildly fluctuating family fortunes, insecure incomes and changing household priorities.

Well-located, privately owned land within an existing built-up area tends to command high prices, normally well beyond the capacity of local government funds. Compulsory acquisition for low-income housing requires considerable political will and risk. Governments need to negotiate with private landowners using incentives to encourage them to make land available or to develop it themselves on terms that

are affordable to low-income householders – below the optimum market returns. A range of strategies exist in which governments use their legislative advantages to make deals with landowners and developers, including transferable development rights that allow landowners to ‘trade’ land for development advantages and land sharing schemes. In addition, cities have extensive ‘reserves’ of under-utilised urban land in public ownership that could be transferred to low-income housing. However, transferring such land usually entails complex inter-agency negotiations.

In many societies individual freehold ownership of land and property is the only form of title considered absolutely secure. However, it is not the only option, and it has been criticised for enabling households to sell their plots up-market and making profits and speculate with government subsidies. Long and renewable leasehold titles to land are not out of the question for incremental housing, though they are rarely socially acceptable. Various forms of collective title – such as housing associations, co-operatives and condominiums – can provide acceptable mechanisms to provide low-income groups with security of tenure while protecting households from exploitative market forces.

b) Finance

The credit needs of incremental housing differ from conventional mortgage finance, which is based on funding to purchase or build a complete house. Incremental housing requires flexible, relatively small short-term loans that are responsive to the intermittent demands of households’ changing fortunes and priorities. At a different level, there are financing (security) advantages in making even initial starter loans for construction available on an incremental basis, requiring borrowers to ‘qualify’ for the next stage of credit only by completing the first – e.g., separate sequential loans for foundations and floor slab, structural walls, and roof.

In order to ensure that monetary support is invested in house construction as intended, an alternative to financial credit has been the provision of building materials, bought in bulk and

passed on to authorised house builders at or below cost. Such schemes, however, are open to exploitation. Where they do work well, on-site organised depots of building materials, bought and stored in bulk, are able to lower the cost of construction materials and serve as one-stop-shops for materials, advice and housing loans, though they have been known to drive out small-scale local suppliers who are a source of local employment and incomes.

Independent credit facilities and management have often been shown to be more efficient and effective than those administered by government. The plethora of microfinance initiatives, both small and large in scale and either community-managed or supported by NGOs (or banks), attests to the ability of poor people to mobilise resources and apply long-term financial strategies at low risk to lenders.

c) Infrastructure and services

The timing, standard and level of infrastructure and service provision is a key component of support to incremental housing initiatives. If infrastructure and services are provided at too high a level, costs are unaffordable to low-income households. Where they are too low, or their installation delayed, plots remain empty and are not developed. In theory, ensuring the right balance can only equitably and effectively be made by the community of users, provided that they fully understand the implications of the trade-offs between initial capital cost, cost in use, and the tenets of environmental health, safety and amenity. However, this may not always be practicable in situations where new communities are being formed. Where decisions on the levels and type of infrastructure provision have to be made without community consultation, it is a mistake to assume that service standards should always be low. There are strong arguments in favour of providing high standards right from the start of an S&S or upgrading project in order to stimulate good quality construction by individual house builders and a sense of pride in the neighbourhood, which motivates local care and maintenance of public facilities.

The cost of high standards of initial provision may be recovered in several ways, such as long repayment periods linked to tariffs on user charges or spreading the cost beyond the confines of the project through local taxation schemes. Another approach to keeping the cost of infrastructure low is by depending on community labour for construction work. This may take several forms, ranging from the organisation of volunteer 'sweat equity' – in which project beneficiaries contribute their time and skills – to 'community contracting'.

A strategy for minimising the initial capital cost of infrastructure and services is to apply the concept of incremental improvement to them as well as to the construction of dwellings. The rationale of this approach is that while basic services must be provided right from the beginning of a S&S project, they can then be upgraded over time in response to the development of householders' increasing ability to pay for higher standards.

d) Site planning and building controls and supports

Site planning is almost invariably undertaken as a centrally controlled technical service, though on a micro level it has occasionally been done with the participation of the project beneficiaries. The distribution of land uses, plot sizes and access layouts are normally determined by prevailing norms and regulations. However, incremental housing projects may be used to test and/or demonstrate the rationalisation of excessively generous planning standards, while maintaining adequate conditions of health safety and amenity.

Planning bylaws and building controls should be confined to those necessary to ensure the health and safety of households and the wider community and to facilitate incremental construction processes. They should be proscriptive, setting the limits of good practice, rather than the more common prescriptive legislation that stipulates in some detail what has to be done, leaving little room for innovation. Thus there are strong arguments for a shift from the concept of official development control to 'development promotion'

and the establishment of planning and building advisory services for incremental housing programmes and projects that provide technical guidance on good practice. However, there is still a need for development control functions to police illegal development and unsafe building by unscrupulous speculators.

While NGOs may be best placed to provide neighbourhood-level planning and building advisory services and to build CBO capacity to administer first-stage development control functions, it is important that government has the capacity to ensure their complicity.

e) Community organisation and asset management

The importance of a sense of 'ownership' of local community facilities engenders a degree of collective responsibility for their maintenance and management by the community. This ideally requires the participation of households in all stages of the project planning process. In new 'open access' S&S projects, where the beneficiaries are not identified until after the site planning stage, such participation is obviously not possible, so support to community building with an emphasis on the new and developing environment should be a high priority right from first days of occupation.

f) Strategic planning

For state-supported incremental housing initiatives to have a significant impact on the enormous low-income housing deficits of most cities and towns, they must be located within a broader framework. At the national level there needs to be a clear poverty reduction strategy that recognises the detrimental significance of urban poverty on national and regional development and the role that housing can play in reducing it.

Situating incremental housing initiatives firmly within the context of broader land market and management reforms and programmes to facilitate housing supply for all income groups is an essential component of their long-term success and their potential to have an impact at a significant scale.

GUACAMAYAS, BOGOTA, COLOMBIA

A sites and services project started in 1976 by the Caja de Vivienda Popular on land on the city fringes but with good access to the city centre and industrial areas.

1976

Core service units with one room on each plot were provided by the project. Many households moved into the site with second-hand building materials and components to start extending their dwellings immediately.



Patrick Wakely

1977

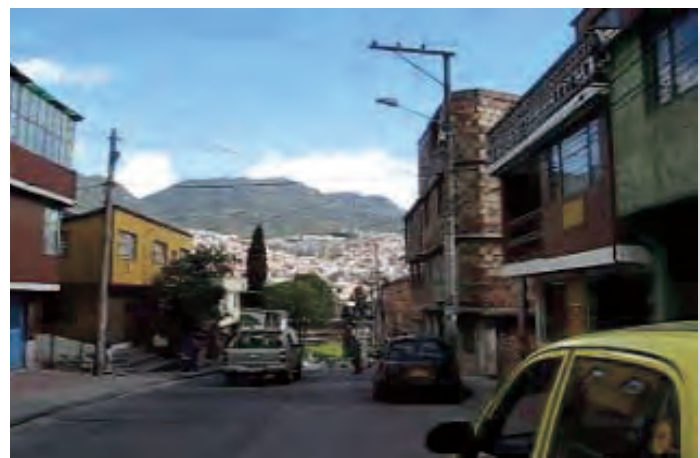
Within one year several families had extended their houses, including the addition of a second floor on the original core house.



Patrick Wakely

2009

Guacamayas has become fully urbanised with traffic confined to perimeter roads and pedestrian precincts in the interiors of the blocks. Houses continue to be extended and improved. Guacamayas has its own community website at www.barrioguacamayas.com



Maria Victoria Echeverri

NAVAGAMPURA, COLOMBO, SRI LANKA

A sites and services project on an inner city site initiated by the National Housing Development Authority as part of the Sri Lanka Million Houses Programme in 1985.

1986

The uniform roof level was spontaneously maintained in the initial construction stages.



Patrick Wakely

1988

Private building materials suppliers arrived at the site on the first day of occupation.



Patrick Wakely

2009

Navagampura has integrated as a regular part of the urban fabric of Colombo and is still being developed by its residents.



Kumudu Jayaratne

CHINAGUDALI, VISAKHAPATNUM, INDIA

A sites and service project on the urban fringes to resettle squatters from the centre of Visakhapatnam. Only communal water points and individual pit latrines were provided for each plot.

1988

Private building material suppliers arrived at the site on the first day of occupation.



Patrick Wakely

1989

Pour-flush pit latrines were supplied on each plot. Construction was still largely of temporary materials.



Patrick Wakely

2009

Chinagudali has developed into a thriving suburb of Visakhapatnam.



P. Rambabu