

Why does housing receive so little attention in national development ?

- Foreign exchange constraint
- Housing not embedded in national vision
- Dominance of export-led growth strategies

What are the key shortcomings of the housing sector in developing countries?

- Lack of sufficient finance/low savings rate
- Low and lower middle income segment of the market is not served/proliferation of slums
- Insecurity and inefficiency of the legal system
- Low quality of construction
- Political instability impairs long-term investment/Take the money and run attitude

Vision, Mission and Strategy for the country

- Multi-stakeholder Dialogue to develop vision, mission and strategy
- Alternative paradigm to overcome export-led growth orientation
- Housing conditions a key social pillar of vision
- Domestic investment in housing as engine of growth and employment
- See example Germany Agenda 2010 and Kenya Vision 2030

Policy measures to deal with shortcomings of housing sector

- Incentives to:
 - Guide the private sector to the low income segment
 - Provide finance from the private sector
 - Avoid direct intervention in the market

Revision of the legal system to ensure legal security and predictability

A range of possible incentives

- **Examples from the Kenyan Report:**
- Infrastructure Development Incentives
- Employers and Employee Incentives
- Savings Mobilization Incentives
- Housing Finance Mobilization Incentives
- Diaspora Market Mobilization Incentives
- Housing Development Process Incentives

Formation of multistakeholder group and experts to develop the specific set of incentives

Incentives specific to employer-provided housing

- Employers who construct for their workers get a higher depreciation rate for the building
- Employers direct support to rent, deposits, downpayments etc can be given tax credit
- Employers can also guarantee loans for employees
- Employers can help to organize cooperatives which provide land and saving schemes
- Housing assistance provided by employer is nontaxable benefit on the part of employee

Content of UN-Habitat Governing Council Resolution 21/7

- Focussing on the operative paragraphs:
- 1. Calls upon Governments To encourage and catalyse private-sector participation in the provision of ... affordable housing, particularly through incentives
- 5. Requests the Executive Director, in consultation with Governments to promote the use of incentives and market measures as a sustainable partnership strategy for attracting private sector investment

Implications of Resolution 21/7

Two schools of thought: UN Resolutions are international legal instruments or merely recommendations of UN Member States.

Even if the latter approach is favoured, UN Resolutions are deliberate and explicit expressions/recommendations adopted by 194 Member States of the United Nations. Individual Member States are encouraged to implement UN resolutions but are not legally bound.

Concluding Remarks

- Foreign exchange constraint drives countries towards export-led growth policies
- Housing Finance in developing countries is most severe bottleneck for low income housing
- Incentives can help to generate finance from the private sector
- Housing in developing countries need to be part of an overall national vision, mission and strategy

Concluding Remarks continued

- Extreme and widespread poverty in many developing countries causes extreme and (seemingly) irrational behaviour, including corruption.
- The above impairs development aspirations and progress of a country. The housing conditions and market are equally negatively affected and are an integral part of the overall development process.

