

Third World housing: the task ahead

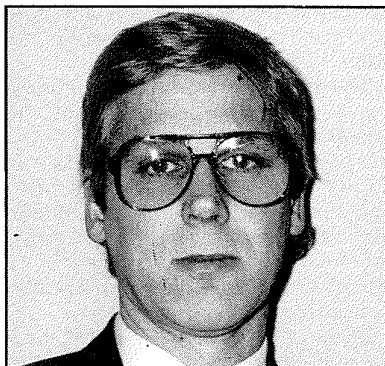
Roger Larke describes the massive job facing housing authorities in less developed areas

ACCORDING to official figures, over 1,000 poor rural immigrants arrive every day in Mexico City, swelling a population that will grow to over 26 million people by the end of the century. This is equivalent to the present-day population of Canada living in an area just 27 miles square. Examples of such dramatic growth in Third World cities will be repeated elsewhere; the city of Dacca in Bangladesh is projected to grow by 88%, or 5.7 million people, in the last decade of this century, and Sao Paulo in Brazil will add half a million people to its population every year for the next 10 years.

It will not only be the largest cities that will experience such growth. By the turn of the century, China will have 78 cities with populations in excess of half a million inhabitants and India will have 36, while Brazil will have 14 accounting for over one third of its total population. There are two main causes of this massive urbanisation trend; a rapid growth in the population of Third World countries, and a migration from the land to the cities.

The world's population is increasing by 80 to 90 million people annually. With approximately 90% of this growth occurring in Third World countries, it implies that the developing countries will need shelter for an extra three quarters of a billion people by the year 2000.

However, there are marked differences in the growth rates of the rural and urban areas of the three main developing regions. Whereas the population of the rural areas of Africa



will rise by almost 22% in the last decade of this century, there will be almost no growth in the rural population of Latin America. In other words, virtually all the projected 97 million increase in the Latin American population will occur in the cities.

Clearly these figures imply important policy considerations. In the case of Latin America, and to a lesser extent Asia, housing policy in the rural areas can concentrate on improving the existing housing stock, whereas urban policy must take into account the need to improve and increase the housing stock. In the case of Africa, the problems facing the urban areas are proportionally even greater than those faced in Latin America or Asia.

The migration from the land to the cities mirrors the experience of the more developed countries, but with an important difference — the speed of urbanisation. Between 1988 and the year 2000 the cities of the Third World will grow at double or triple the rate of national population. Between 1950 and 1975 the urban areas of the

developing countries absorbed some 420 million people; between 1988 and 2000 the increase will be roughly 460 million people.

Put another way, the cities of the Third World must absorb approximately the same number of people by the end of the century as they did between 1950 and 1975, but in half the time. The immense size of this demographic shift, compressed into such a short time span, has already imposed enormous strains on the cities.

A further feature of this urbanisation process is the relative lack of industrialisation accompanying it. Typically, 20% of the labour force will be self-employed and over 30% will be employed in service industries. These employment sectors account for the lower end of the income scale and often present the first, or only, opportunity for employment. A large proportion of the urban population therefore becomes trapped in a state of deprivation; they neither have the income to afford housing nor can the supply of new housing keep pace with the increase in the city's population.

With a less concentrated employment focus there is a high degree of labour mobility, both within the cities and between the cities and the countryside. In many African countries it is not unusual for four out of five urban migrants to return to the countryside within a year. The demand for housing of such a mobile population will be quite different from that of a spatially static population, and may be adequately served by various forms

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of 'unconventional' housing.

The rapid growth in population and the continuing migration from the land to the cities will cause the problem of slum housing to grow worse. This problem will be compounded by the continuing decline in *per capita* incomes suffered in many developing countries as a result of macro-economic policy adjustments associated with balance of payments difficulties and international debt problems. Poverty, however, is not the preserve of the urban sector. Indeed, in many developing countries poverty is more prevalent in the rural sectors.

In the case of Latin America and the Caribbean, nearly two thirds of the rural population are below the estimated poverty level as opposed to a quarter in the urban areas. Similarly, in sub-Saharan Africa, nearly half the people in rural areas are below the poverty level compared to just over a quarter in the urban areas.

However, the distribution of poverty between the urban and rural sectors is changing. The United Nations estimates that there will be a total fall of nearly 23 million poor rural households between 1980 and 2000, but this will be more than offset by a rise of 33 million poor urban households over the same time span.

From the point of view of housing policy these figures reinforce the bias towards housing projects in the urban areas. Ability to pay is becoming the dominant criterion for housing starts, and with the cost of providing services higher, and the ability to pay lower in the rural areas, the tendency to favour urban projects is growing stronger.

The major emphasis on housing in the developing countries will, therefore, arise in the urban as opposed to the rural sector. The figures should not, however, detract attention from the housing problem of the rural sector where the difficulty of assessing rural housing needs is often one of identification.

In 1970 the United Nations estimated that the developing countries

would need an extra one billion units of shelter by the turn of the century to house their population growth and improve their existing housing stock. New constructions for the past 20 years have stayed reasonably constant at six million units annually. (However, recent data for China suggest that that country has initiated a major housing construction programme which may significantly affect this figure.) At this rate of construction it would take about 160 years to meet the UN target.

The shortfall in the supply of housing is even more apparent if the construction rate is compared to the increase in population. With an annual increase of 65 million people, and a construction rate of six million units, there would be a new dwelling for every population increment of 11 persons. The average size of existing households is 5.5 people.

Either the average size of new households must be double that of existing households, or a large proportion of the increase in the population will not be housed from the increase in the housing stock. It is unlikely that household size will increase since it is determined by kinship relationships, and so a significant proportion of the population will be forced to provide their own shelter, thus exacerbating the problems of squatter and slum dwellings.

Slums and squatter settlements are often treated synonymously but this masks the viability of squatter dwellings in a rapidly expanding population. Technically a squatter dwelling is one where the owner has no proper legal title to the land. But given the paucity of documentation of legal titles in many developing countries, this definition is often inaccurately applied to housing developments where legal titles are held but not documented.

The 1980s has seen a significant shift in the provision of housing in developing countries. The slump in agricultural and commodity prices has particularly affected rural

incomes, so widening the divide between poverty in the rural and urban areas and affecting the ability to pay for rural housing. As a result, rural housing is increasingly a matter of private provision particularly through self-help projects. This trend is also evident in the urban sector. Many governments face severe constraints on their expenditure with the result that public housing programmes have been curtailed.

There has also been increasing recognition that informal housing can be a viable way for a large sector of the population to be housed.

These factors will combine to dictate an increasingly important role for the private sector in housing provision to the end of the century. Consequently, the role of housing finance in stimulating the housing market will become even more important. The private provision of housing, whether it be by commercial organisations or self-help groups, is directly reliant on the availability and affordability of finance to an extent which is not true with public housing.

Housing starts by the private sector are dependent on the multitude of individual household decisions. These decisions cannot translate into a demand for housing without access to finance which the recipient has the ability to repay. Housing provision dominated by the public sector is less sensitive to individual decision taking. It is conceived by state authorities and may be financed out of revenue or borrowings, the allocation of which is a macroeconomic policy or political decision.

At a time when the private sector is playing a greater role in the housing market, the efficiency or otherwise of housing finance flows will have a direct bearing on the extent to which the private sector will be able to respond to the challenge of the future.

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