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# **Informal Housing and Approaches towards the Low-income Society in Developing Countries**

## **Reazul Ahsan**

Asst. Professor  
Khulna University, Bangladesh  
PhD (Planning) student  
School of Natural and Built Environment  
University of South Australia  
Email: Reazul.Ahsan@postgrads.enisa.edu.au

## **J.M. Quamruzzaman**

Post Graduate Student  
School of Natural and Built Environment  
University of South Australia

### **Abstract**

The urban population of developing countries is increasing at an alarming rate. As a result a disturbing feature of this trend is proliferation of informal housing development in cities of developing countries. A great deal of importance in recent years has been put forwarded to the informal housing sector. The common characteristics of informal housing are insecurity of tenure, low standard of infrastructure and services. By the end of 1980s, international donor agencies like World Bank, UN agencies had given increasing significance to informal housing policies and infrastructure provision in cities in developing countries.

Upgrading and rehabilitation of informal housing are seen in developing countries with the joint venture initiative of government and private sector. Some of these resettlement programs of informal housing schemes in the past primarily had some success but eventually, in many cases, the evicted people returned to inner city places after selling off their houses to the middle income groups. High standards of housing and job unavailability within their catchments areas have played a significant role in case of transferring ownership to the middle income group. In this paper, informal housing practice in developing countries and attitude and approach of changing patterns towards this sector has been discussed.

**Keywords:** Informal housing, resettlement, urban governance, tenure insecurity

### **Introduction**

Informal housing sector development is perhaps consequences of some significant issues always happening in cities of developing countries. Among them high rate of population in-migration to the city, lack of public investment in housing, adoption of

misguided and often western based urban planning policies (O'Hare, Abbott & Barke 1998). All projections reveal that the urban population in the Third World countries will increase at an alarming rate in the coming years. The worrying feature of this tendency is the propagation of informal settlements mostly in city areas (Sethuraman 1985). According to (Sivam 2003), informal housing developments are illegal and composed of unauthorized colonies and squatter settlement. These are mostly evolved because of non-availability of housing in the legal housing market. The common characteristics of informal housing are insecurity of tenure, low standard of infrastructure and services.

Formal housing is constructed following the building codes and standards enforced by the national housing authorities, whereas Informal housing is built defying minimum standards of housing regulations. Lack of tenure security is a key characteristic of informal settlements. According to the Vienna Declaration on National Regional Policy and Programmes 2004 on Informal Settlements, 'informal housing or informal settlement' is defined as human settlements, which for a variety of reasons do not meet legal procedure (and have been built without respecting formal procedures of legal ownership, transfer of ownership, as well as urban planning regulations), prevail in their respective countries and hinder economic development. While there is important regional diversity in terms of their manifestation, these settlements are mainly characterized by informal or insecure land tenure, inadequate access to basic services, both social and physical infrastructure and housing finance ((Tsenkova 2009).

The consequences of rapid increase in population and the changing socio-economic pattern in developing countries have resulted in an acute shortage of housing for the low-income households (Sivam 2003). Poor urban governance is considered one of

the main elements to happen informal settlement. Urban governance is linked to the benefit of urban people. Good urban governance enables to access to the urban services like security of tenure, safe water, sanitation, a clean environment, health, education etc.

Informal housing and other unofficial settlements have an influence over development of cities mostly in developing countries. Lots of importance in recent years has been put forwarded to the informal housing sector. However, Unplanned and sporadic eviction drives without proper resettlements are also common phenomena. Simultaneously, upgrading and rehabilitation of informal housing are seen with the joint venture initiative of government and private sector. Bangladesh, as a developing country, has been experiencing informal urban housing problems with its highly increasing urbanization rate. Bangladesh has among the highest urbanization rates in the world and the capital city Dhaka is expected to be one of the 10 largest mega cities by 2010 (Ahmed 2007). In Bangladesh, a great majority of the urban population lives in informal settlements. Resettlement programs of informal housing schemes in the past primarily had some success but eventually, in many cases, the evicted people returned to inner city places after selling off their houses and make the situation worse. Considering the above issues, this paper discusses informal housing practice and approach of changing patterns towards this sector in developing countries.

### **Urban Formal and Informal Housing**

According to Pugh (2000), developing countries have three types of housing development systems; formal, informal and organic (Sivam 2003). Formal developments have the legal basis of the planning agency. These are developed within the structure of government rules, controls and regulations. Informal housing

development is illegal and consisted of unauthorized 'colonies and squatter settlements'. These types of developments happen mostly because of unaffordability or sometimes unavailability of housing in legal housing market. The significant characteristics of informal development are insecurity of tenure and low standard of facilities and infrastructure. Another factor of importance is the accessibility of services such as running water supply, power, and the like. Usually formal housing units avail these facilities and informal ones hardly have these facilities (Sethuraman 1985). Organic housing developments are those mainly emerged over a period of time without any conscious measures; legal or illegal. Old cities and urban villages are of examples of these types of developments (Sivam 2003).

### **Major Threats for Informal Housing**

Countries experiencing informal settlement growth are facing many problems related to urban poverty, higher unemployment, social hardships and conflicts. As the residents of informal settlements are often poor and disadvantaged, they face many problems like lack of access to adequate roads, clean water, public transport, and reliable power. The area is unhealthy and environmentally hazardous because of unplanned garbage and sewer discharge and suitable for breeding diseases, epidemics. Since there is no tenure security, in most of the cases, this housing area is constantly under threat of being lost and becoming dead capital, particularly due to environmental hazards—floods, landslides, earthquakes or demolition.

Key constraints for public formal and informal housing development in developing countries are:

- *Existing tenuous policies, regulations and controls:* The land development, acquisition and transfer policies are very slow and cumbersome process. This makes inadequate supply of housing in the market and increases prices geometrically.

- *Poor coordination and management among public agencies:* Basic service provider agencies like water supply, sewerage and electricity works independently without making coordination among them. Without considering the priorities of other agencies, they are making plans of their own and implementing them.
- *Lack of reasonable loan facilities for middle and lower income groups:* In developing countries, low-income people are deprived from getting institutional loan facilities for housing development. No commercial banks provide loans without collateral, that's why it is virtually impossible to get loans from them.
- *Absence of sound housing delivery system:* Housing delivery mechanism needs some government registration which is lengthy and corrupted process in developing countries ((Sivam 2003).

### **Local Environment of Slums and Squatters**

Urban basic services like power, water supply, sanitation are completely absent in slum and squatter area. They can have very high densities with small amount of living spaces and chaotic building layout. Inadequate road networks result in severe congestion as the volume of traffic grows. There are home-based small industries, not exclusively residential.

Characteristics of slums:

- Inadequate access to safe water
- Inadequate access to sanitation and other infrastructure
- Poor structural quality of housing
- Overcrowding
- Insecure residential status

Conventional interpretation of squatter settlements as:

- A defiance of law and order
- A violation of property rights
- Seedbeds of communism

- Breaking all the planning laws
- Centers of crime

### **Changing Government Policies towards Informal Housing**

Virtually developing countries are not able to provide adequate housing through the formal housing market. There are many problems like personal and institutional regarding housing supply in developing countries. A lack of individual affordability is not the universally valid constraint for informal settlements, what is common is the institutional unwillingness to accept informal sector employment as consistent collateral for access to the institutionally provided housing. There are many official formalities for implementing informal sector housing. But now it is apparent that provisions of an official housing programme for the informal sector workers are desirable and supportable (Sastrosasmita & Amin 1990).

- **Upgrading of informal housing:** The upgrading of existing informal settlements has become an increasingly important element in the provision of housing in developing countries. Slum upgrading is generally less expensive and more cost effective than any other scheme for housing development. It is also affordable to the lowest-income groups. On the other hand it is less disruptive to households than the demolition and relocation approach (Johnson 1987). According to (Choguill 1993), a number of advantages of informal housing upgrading can be identified. First, it preserves existing economic systems and opportunities for the urban poor. Second, it maintains the community structure and the safeguards that already exist in the community group. In this way, the urban poor do not lose their jobs as they are engaged. Third, upgrading tends to be affordable than sites-and-services projects.

- **Rehabilitation:** Though there many rules and regulations in developing countries to rehabilitate disadvantaged people before eviction or demolition, practically it is not well-practiced. Implementation of rehabilitation program takes more time because of multi-sectoral involvement. In absence of proper planning of housing standards, job facilities and social interactions, this type of schemes often fails. As (Choguill 2007) has shown that standards are necessary in solving low-income housing problem. They are required to ensure good health concerned with water, sanitation and drainage and reduce danger of fire.
- **Demolition/ eviction:** Eviction is the consequence of the widespread tenure insecurity in informal settlements. This is carried out, in most cases, in inner city areas where land is in high demand and precious. Arson attacks are also common, where fire is intentionally set to informal housing settlements to discourage consolidation as an alternative form of eviction (Ahmed 2007). Evictions can suddenly stop the services of service providers that's why such organizations keep their interventions limited in scope.

### **Informal Housing and Urban Governance**

Urban governance can be defined as a political response to broader developments and changes in society, such as globalization, internationalization, and privatization (Van Marissing, Bolt & Van Kempen 2006). A study by World Bank (2006) found poor governance is a main element to happen informal settlement (cited in (Ahmed 2007)). Due to corruption many people, not the lower-income group only, go for informal transactions rather than formal. This is reflected in the percentage of informal housing in cities of developing countries.



Urban governance is linked to the welfare of citizen. Good urban governance enables to access to the benefits of urban citizenship. It ensures access to the urban services like security of tenure, safe water, sanitation, a clean environment, health, education etc. According to (Rakodi 2001), the followings are necessary for good urban governance:

- Accountability, i.e. mechanism for holding officials to account for their performance
- Clear and appropriate allocation of responsibilities to the various organizations involved in infrastructure and service provision
- Good coordination and management of inter-organizational networks
- Effective monitoring of performance
- Collaboration and consultation with stakeholders
- Administration capacity – adequate number of appropriately trained staff.

However the above criteria necessary for good urban governance is unfortunately hardly present in developing countries.

### **Informal Housing in Developing Countries**

Informal housing as settlement units (whether slums or not) that are built outside the framework of formal law for construction of housing. By nature, the informal housing units are constructed using less expensive construction materials (i.e. mud bricks, bamboo, ordinary wood) and hence tend to have a shorter life. Units lacking support services such as power, water supply, sanitation and like ones are sometimes identified as informal housing (Sethuraman 1985). Informal housing relies more on raw materials available in the neighborhood or local market. Informal settlements are consists of dwellings constructed without meeting the required building codes,

constructed without provision of infrastructure (water, sanitary facilities, etc.), or with some irregularities of tenure (Johnson 1987).

Major characteristics of informal housing in developing countries include:

- Insecure housing tenure
- Inadequate basic services
- Housing settlement that contradicts city by-laws
- Housing built on a property owned by the state or the third party instead of the owner or resident
- Insufficient access to basic urban services
- Substandard housing and inadequate building structures
- Illegal subdivision of housing
- Poverty and social exclusion and
- Unhealthy living conditions and hazardous locations (Tsenkova 2009).

Informal housing and other unofficial settlements have an influence over development of cities mostly in developing countries. A significant proportion of urban population lives in informal settlements. Bangladesh is a rapidly urbanizing country and its capital Dhaka is a burgeoning mega city with nearly 12 million populations. Dhaka is expected to be one of the 10 largest megacities by 2010 (Ahmed 2007). 30% of the population of Dhaka lives in informal settlements in a dilapidated situation (Ahmed 2007). However, the Poverty Reduction Strategy Paper (PRSP) of Bangladesh Government includes policy agenda for provision of housing for disadvantaged groups like elderly, disabled and single working women but does not provide a clear agenda for the urban poor living in informal settlements.

This huge number of urban poor manages to build their housing with very limited support from the formal and public sectors, often in the face of tenure insecurity and threat of extensive evictions. These houses are densely packed with more than 95% of the houses (that is, one room dwellings) less than 14 sq meters (150 sq feet). Overcrowding is apparent from the high population density (about 1,000 persons/acre) in some of the settlements in Dhaka. Because of tenure insecurity, the incentive to invest for housing improvement in informal sector is minimized (Ahmed 2007).

### **Rehabilitation Programs in Bangladesh**

Presently many International (UN agencies, CARE-BD) and National organizations (NGOs, civil societies) are working to improve the situation of informal sector settlements. Coalition for Urban Poor (CUP), a networking body for urban poor mainly carries out an advocacy role to promote the rights of informal settlement inhabitants. CARE-Bangladesh, a large INGO and Dushtha Shaystha Kendra (DSK), member of CUP have several programs especially in water supply and sanitation in urban informal settlements in Bangladesh.

Evictions are very common to root out the informal housing from city centre without taking rehabilitation program. Although there are policies to resettle them first, these have hardly been followed (Ahmed 2007). On the other hand, resettlement projects are mostly inadequate to the needs of the urban poor. The government has taken some attempts at resettlements in peripheral areas of Dhaka and the outcomes of these projects are at best mixed. A joint venture resettlement project of government and private housing developers was planned for the victims of eviction in 2007 to resettle them in newly built apartments at Mirpur and Bhashantek (15-20 km away from Dhaka). They could not get jobs within their neighborhood areas. They had to travel to city to grab jobs. Besides, in many cases the housing standard set for the

resettlement of evicted people are sometimes higher than their expectation and affordability. Eventually, however, the poor could not afford to live in the apartment.

## Conclusion

The urban population in developing countries are increasing rapidly and creating enormous pressure on urban housing sector. Informal sector housing is mostly evolved because of non-availability of adequate housing in the legal housing market. Poor urban governance is another element to happen informal settlement. Since there is no tenure security, in most cases, informal housing area is constantly under threat of being demolished. Informal housing is a significant part of the urban housing in developing countries. So it is apparent that necessities of official housing programme for informal sectors are desirable and supportable.

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