

International Tenants' Day 2009

"Tackling the financial crisis with a new deal for affordable housing"

PLANNING
OUR **URBAN** FUTURE
World Habitat Day | 5 October 2009



European Parliament Brussels,
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1. UN-HABITAT's mission and vision

Sustainable urban
development

Adequate shelter
for all

"Sustainable urbanization created by cities and regions that provide all citizens with adequate shelter, services, security and employment opportunities regardless of age, sex, and social strata"



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UN-HABITAT history - milestones

1978 - United Nations Center for Human Settlements (UNCHS) established after 1976 Habitat I meeting in Vancouver



Habitat I, Vancouver 1976

1996 – The Habitat Agenda – political document result of the Habitat II conference in Istanbul, Turkey

2000 – Millennium Declaration – governments commit to Millennium Development Goals targets on slum dwellers, access to water and sanitation



Habitat II, Istanbul 1996 - Secretary-General Boutros-Ghali

2002 – Center upgraded to the United Nations Human Settlements Programme

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UN-HABITAT focus (1)

United Nations agency for the built environment focusing on inclusive, greener, safer cities



Lead agency for MDG 7 target on improving living conditions of slum dwellers

Lead agency on shelter cluster for post disaster reconstruction

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UN-HABITAT focus (2)



Work with governments, cities, civil society to achieve cities without slums and good living conditions and livelihoods for the urban poor

Key member of UN Water – UN agencies working on Millennium Development Goal 7 target of halving the number of people without access to safe water and sanitation

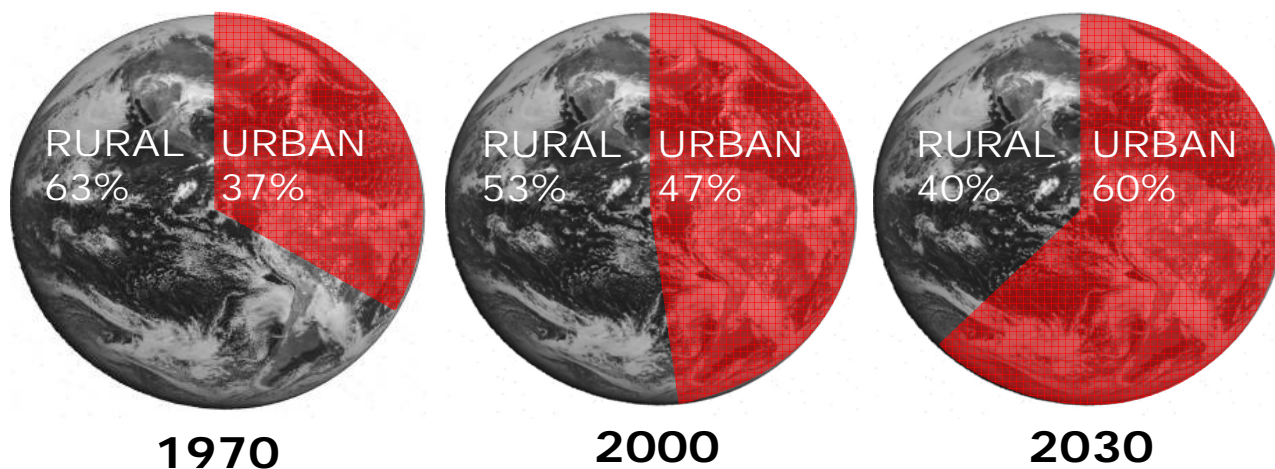


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2. Contemporary Challenges for Affordable Housing

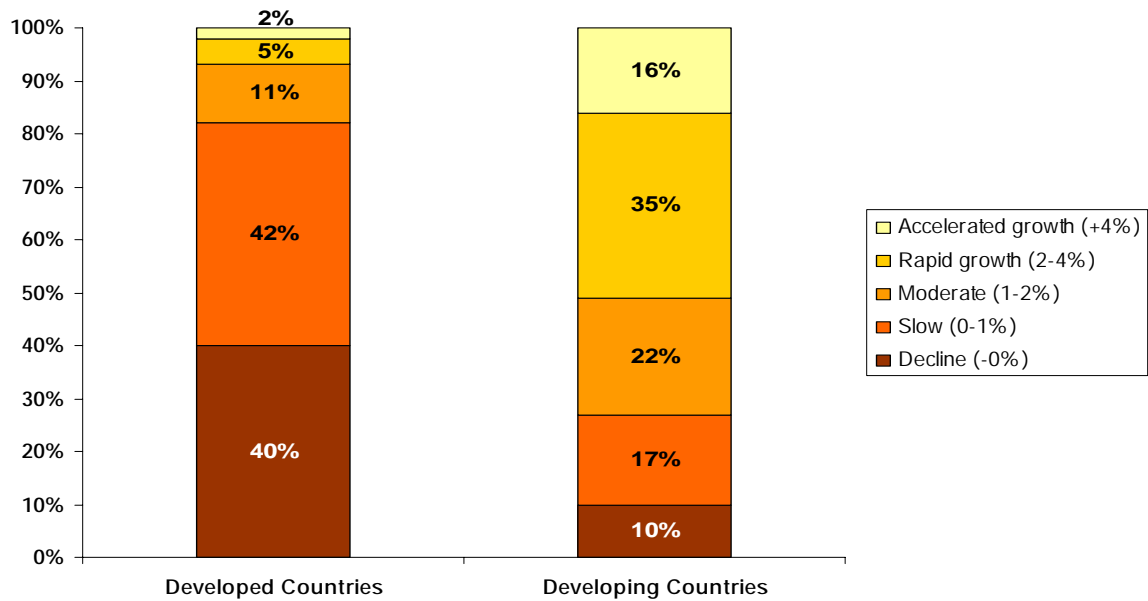
The process of urbanization continues



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Regional Variances in Urban Growth



In the North, almost half of the cities are declining
 In the South, more than half of cities are growing very fast
 Developing world cities growing 10 times faster

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Cities - Opportunities and Challenges

- General wealth creation
- Enhance social Development
- Provide employment
- Incubators of innovation and creativity

- Pockets of poverty
- Exclusion and marginalization
- Environmental degradation
- Governance deficits

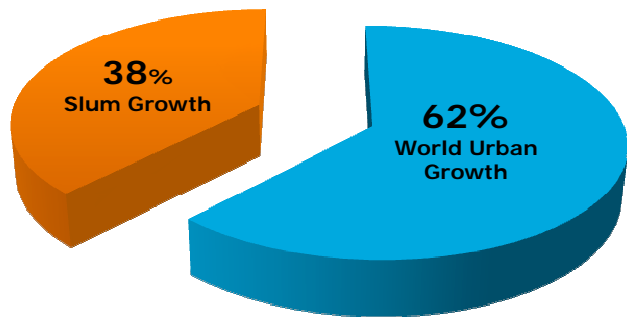


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Deficits in Affordable Housing: the slum challenge



Unprecedented slum growth: **18 million** new slum dwellers per year during 1990-2001

Projected growth: **27 million** people a year (2005/20)

Slum growth = **38%** of the world's urban growth

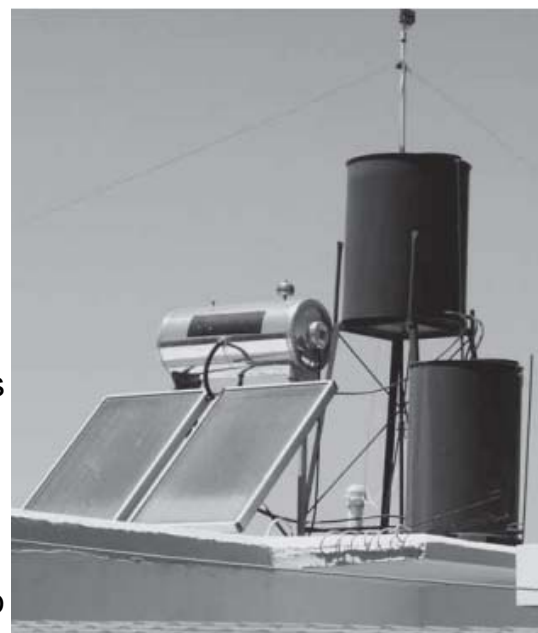
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The environmental and energy challenge for affordable housing delivery

- Globally, substantial funds will be required to adapt and mitigate Climate Change
- In developed countries: governments as part of their strategies to reduce carbon dioxide emissions will have to create financial incentives to encourage investments for improving energy efficiency of the building sector, which usually accounts for about one quarter of national energy consumption
- Particularly in Eastern Europe and countries with economies in transition, a major challenge are the investment needs for rehabilitation and maintenance of privatized tenement blocks
- In developing countries, a key task will be to integrate energy efficiency into efforts to address the severe housing shortage



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The current financial and economic crisis and interrelationships to affordable housing provision

Implications of the financial crisis for financing affordable housing

In developed countries, the financial crisis led to tighter lending standards across sectors

In developing countries, the major effects on low-income groups are not so much due direct impacts on banks but more through the general economic downturn, the reduction in remittances and lower development aid

Opportunities for housing and related infrastructure to contribute to economic recovery

Globally, housing and basic infrastructure are regarded as engines of economic growth and job creation as well as important sectors for strengthening the domestic economy of a country



Global Investment Needs for Affordable Housing

- UN estimates on resources required to meet the MDG 7/11: US \$ 300 billion - far above the current level of investment going into slum upgrading and prevention
- Taking 1 billion Slum Dwellers as a proxy indicator for unmet demand for affordable quality housing: total investment need US \$ 2 trillion (assuming on average 5 persons per HH and a modest average price of US \$ 10,000 per unit)



3. Responding to the Challenges: Key tasks and actors for affordable housing delivery

Basic Tasks to achieve affordable housing solutions

- Urban planning and land administration
- Provision of infrastructure
- Construction of new housing units
- Physical upgrading of neighborhoods



Key Actors in the urban development process:

- National Governments
- Local Governments and other local entities
- Formal Financial Sector (Banks/Microfinance Inst.)
- Housing-related professional services
- Developers/landlords/housing cooperatives
- Construction sector
- Community-based financing organisations
- Citizens: consumers of housing



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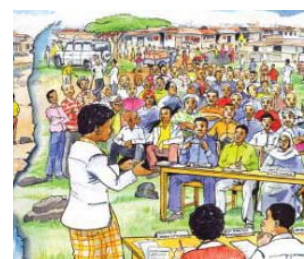
Planning our Urban Future - towards a new deal for affordable housing

Affordable Housing central for Sustainable Urbanization

Provision of affordable housing and basic infrastructure is a key activity for achieving cities and towns that are environmentally liveable, economically productive and socially inclusive

Necessary elements are:

- Effective national incentives, regulations and public investments for housing finance and local planning systems
- Inclusive and tenure neutral housing policies
- Partnerships between public, private and community actors for implementation of projects
- Effective local institutions for provision of basic infrastructure, land management and planning
- Empowered and informed citizens and communities



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The importance of effective planning systems for affordable housing provision

- Functioning planning systems are essential for guiding public funds and mobilizing private domestic and international investments to enable efficient use of resources and maximum benefit for provision of affordable housing and related infrastructure
- In the current crisis, effective “pre-investment” activities are central for putting public incentives for housing construction or upgrading into practice



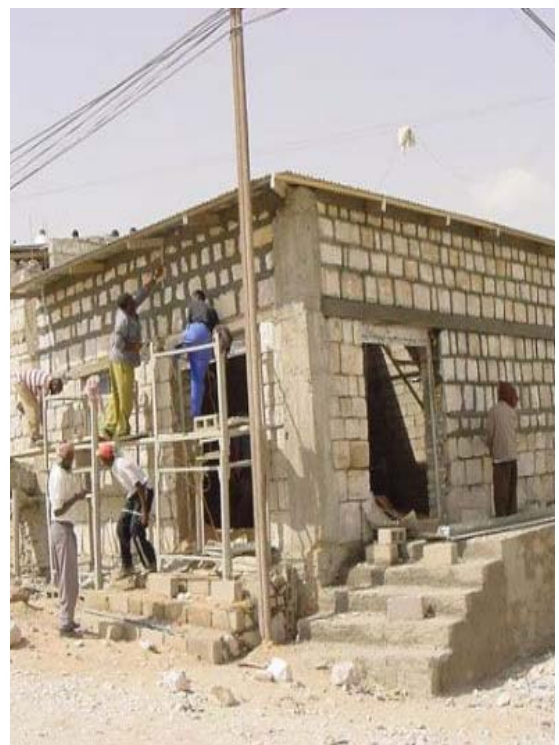
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Mobilizing Investments for Financing Affordable Housing

Country policies to address domestic investment deficits have to include:

- National Government level: establish adequate policy frameworks and effective incentives for mobilizing private investments
- Local governments: address causes of insufficient revenues and limited borrowing capacity
- Private Sector: encourage expansion of limited financial and physical products for low-income housing and infrastructure
- Efficiency of the construction sector and housing-related professions
- Citizens: empower communities, encourage savings and enable access to finance



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