2nd Affordable Housing Development Summit Bahrain

Promoting Social Protection Through Empowered Communities

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This presentation is made in three sections:

- Housing Scenario and Challenges in the Muslim World
- Social Empowerment of Communities through Housing Option
- Some Best Practices

Contents

- The Muslim world represents 1 of 4 humans on the planet
- Nearly the same share in number of countries
- Represents 1 of 2 poor on the planet
- An acute challenge of widening demand/supply gap and rising housing backlog… leading to Social Unrest
- Most of the housing backlog and short supply is in low-income segment of the population
- Population growth and urbanization are further compounding the existing huge backlog
- Rising costs (land, construction, construction materials) are making housing unaffordable for the poor

Housing is a 'Numbers' game – The Muslim World is no exception!

3

- IDB study suggests housing needs of the Muslim World at 8 mn units, nearly all in Low-Income Segment
  - The estimate needs further analysis and breakdown
  - MENA 3.2 mn;
  - Asia 2.7 mn; and
  - Africa/others 2.3 mn.
- Shortage: Egypt 1.5 mn, Iraq 1.0 mn, Morocco 0.6 mn, Saudi Arabia 0.4 mn
- Significant oversupply in upscale or luxury housing only, while low income segments/communities remain neglected
- Urban population likely to rise from 1/4th to 1/3rd of total
- Rapid urbanization a major issue in low income housing
- Need for new housing of 8 mn due to population growth is based on 5-5.5/HH and population growth at 2.5%
- Urbanization and population growth further increases the year-on-year housing needs in major metropolitans
- Supply is 30-40% on new demand for housing

Housing Supply Challenge – Figures speak for themselves

4

- **ME Countries:** Recent civil uprising in some countries have brought to surface the social issue of low-income affordable housing
- Nearly all countries in the region have allocated huge funding and have initiated plans and projects to address it
- Most of these programs are based on State Subsidy, and thus would not be viable and sustainable in the long run.

- *Indonesia*, over the years have developed and implemented a very comprehensive program of State Subsidized Pro-Poor Housing.

- *Africa* has a unique challenge of Low-Income housing, with challenges of Affordability, HMF, major Slums etc.
- In many African Countries, largely Muslim population is a candidate for Sharia-Compatible Housing Finance

- *Asia*, having Muslim countries like Pakistan, Afghanistan, Indonesia, Malaysia, where in most of Muslin courtiers in Asia are faced with challenge of low-income affordable housing shortage and answers have no match with the solutions,

Muslim World is faced with a bigger challenge

5

- As most of housing shortage is in low income segment, low income segments/communities need empowerment through housing finance
- Nearly 1/5th of population in the Muslim World is a candidate for HMF
- Need for Faith- Sharia-Compliant Financing Models
- Challenges of Rapid Urbanization and growth of low-income communities
- Institutional Housing Finance is either non-existent or in infancy stages in most of the Muslim World (Afghanistan and some African Countries)
- Slightly advanced in some others (Malaysia, Turkey, Egypt, Morocco, Indonesia, Pakistan and Saudi Arabia)
- Regulatory Framework needs strengthening
- Additional challenges include:
  - Role and responsibilities of Specialized Housing Finance Institutions (HFIs) and Commercial Banks (CBs)
  - Long Term Liquidity Facility Institutions and Instruments

Housing Finance Challenges in Muslim World   6

- World population expected to reach between 7.9 to 10.9 billion by 2050
- By 2030, nearly 60% of the worlds population will be urban, and nearly ½ will comprise of urban poor living in poor habitat and in slums
- Urban growth rates highest in the developing world, absorbing an average of 5 mn new urban residents/month
- Responsible for 95% of world's urban population growth
- Factors contributing to urban migration are: greater economic growth, rising income levels, employment opportunities, immigrant workers, occupational shift from agriculture to manufacturing and services, and changing attitudes towards consumption and life style
- Changing family culture and shrinking household size.

Urbanization Explosion

Trends in Urbanization by Region, 2003.
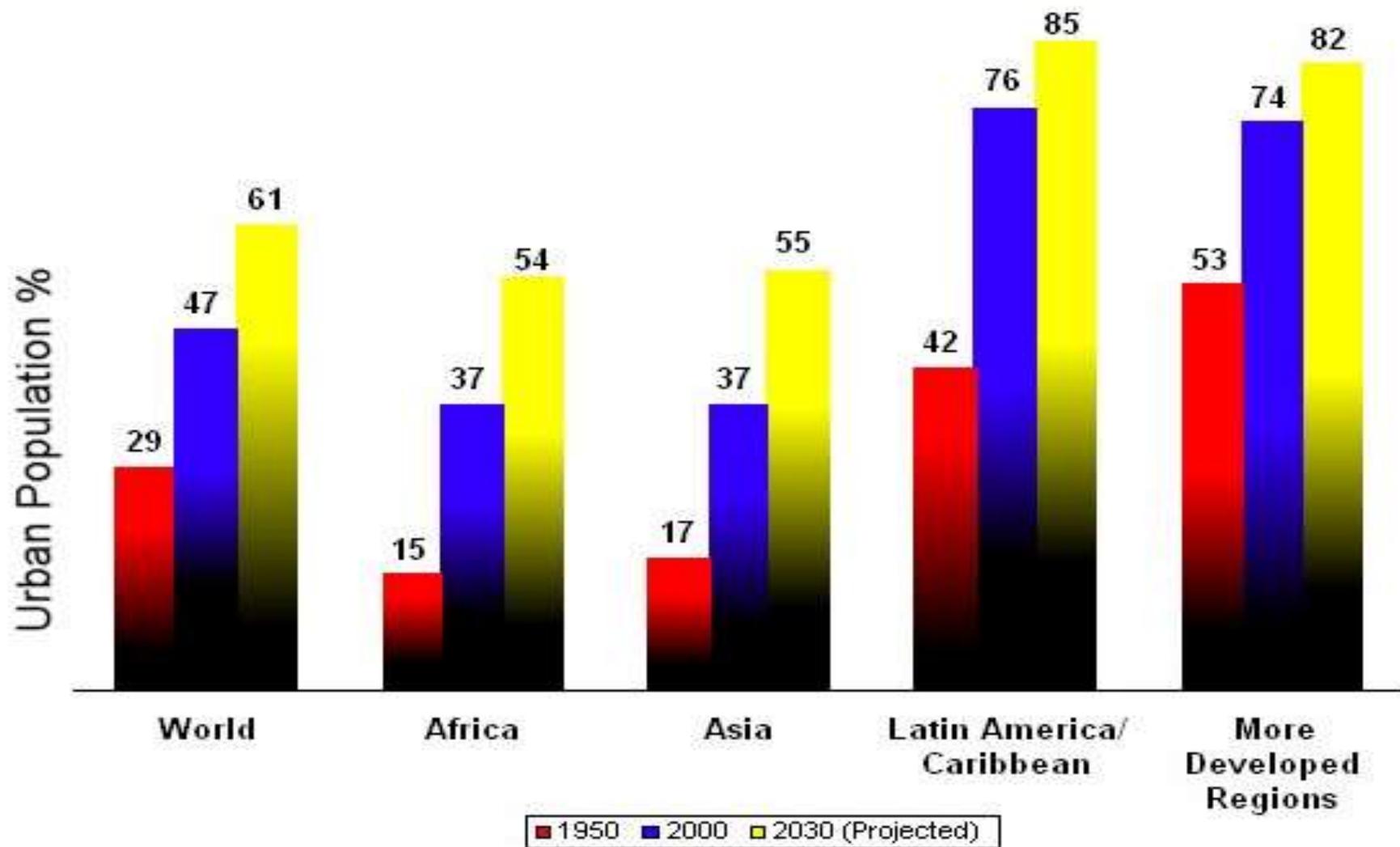
Source: United Nations, World Urbanization Prospects.

Communities Social Empowerment through Housing

- Help promote social and economic inclusion
- Enhance the resilience of communities to external shocks
- Create vibrant communities that can cope with and address risks and the realities
- Look at country experiences as well as the lessons and recommendations from these experiences
- Housing as a foundation for breaking the poverty cycle

Strengthening Housing Policy and Advocacy

Self-sustained Communities are equipped with:

- Social: Health, Education, Community participation
- Physical: Internal and External:
  - Internal: Roads, Electricity, Sewerage, Water, Playground
  - External: Roads, Transport, Communication
- Economic Infrastructure: Commercial opportunities
- Energy efficient and affordable housing.

Affordable housing should be more than just a roof over someone's head — it creates solutions that help residents and strengthen communities.

Objectives of Sustainable Housing Solutions

- Founded in 2000
- A public sector organization having flexibility in organizational management
- Main objective is to strengthen poor community organizations

CODI: Community Organization Development Institute,Thailand

- Citywide slum upgrading ("Baan Mankong")
- Poverty Alleviation (supporting communities in savings, credits, loans and community development plan, etc.)
- Community welfare
- Assisting in setting up of community organization councils throughout the country
- Promoting natural resource management and sustainable agriculture
- Solving land and housing disputes in rural areas

C O D I : Current Activities

- To play supporting role in community development process
- To make people as the owners and key actors of the process, not CODI
- To coordinate with govt. agencies, NGOs and other civic groups
- To promote community-based savings
- To use finance as a tool for development

CODI: Strategies
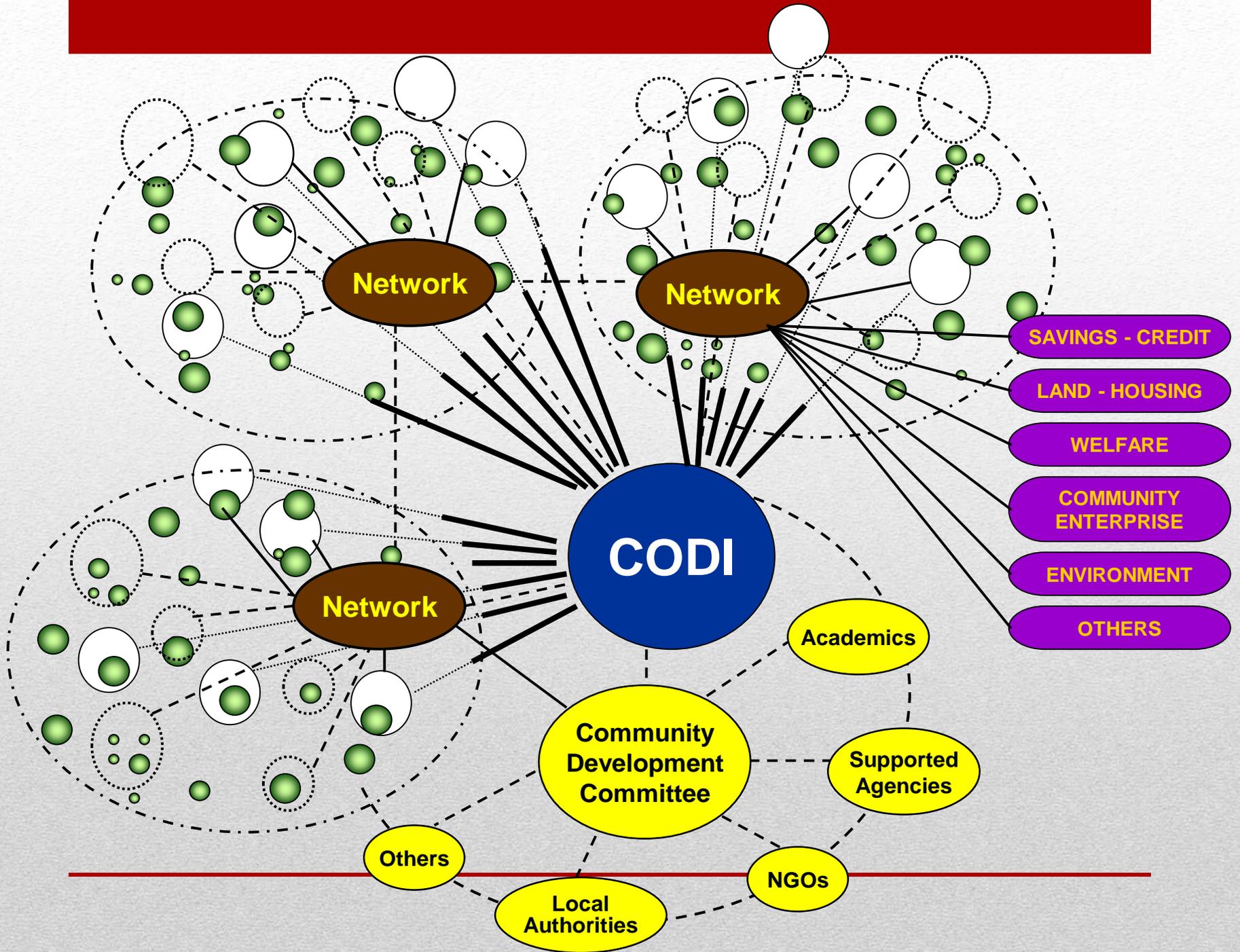
- A breakthrough in solving slums issues on a citywide scale
- Comprehensive approach in dealing with problems of land tenure, infrastructure, environment, construction and financing
- Combination of self support, government subsidy and private cooperation
- Amendments in rules and laws which are obstacles to housing solutions for the poor

Baan Mankong Housing Program
Citywide slum upgrading

- **P**- Poor people/communities as key actors in identifying problems, developing plans to resolve problems and implementing those plans themselves

- **P**- Public; government, CODI, local authorities, etc. Government as subsidy provider: CODI as facilitator, provider of long-term housing loan

- **P**- Private sector; NGOs, professionals, educatio-nal organizations etc. provide technical support

BMK demonstrates strong PPP Partnership (PPP-P)

Baan Mankong Chantaburi - Before and after

A CODI Project: Before and after

India (energy efficient homes)

Afghanistan (self sustained community housing)

Pakistan (*formal credit,* a *healthy community* and a *sustainable environment*)

Real life examples

NHB supported program developed with technical assistance of KFW:

- Backbone of the *EEHP* consists of two main components: provision of Energy Efficiency Loans refinanced by NHB and the Certification Process of energy efficient building projects (KFW Model).

- **Home Buyers** buying an apartment in certified developments get an Energy Efficiency Loan from financial institutions participating in the Program. Also spend significantly less electricity as compared to in the standard buildings in India.

- **Building Developers** constructing new residential buildings with at least 30 % less electricity needs than standard houses, receive an energy saving certificate. Technical consultants support the developers in identifying improvement measures for higher energy efficiency of their buildings.

- **Financial institutions** finance loans in certified developments are entitled to get refinance for these loans by the National Housing Bank.

Energy Efficient Homes Program (EEHP)- India

- 30 Towers on 30 Acres, with 2/3/4 BHK Apartments
- Energy efficiency total is more than sum of its parts
- Lotus Boulevard has prioritized the regeneration of green spaces, healthy community living and pedestrian movement
- Boulevard uses both passive and active design strategies to reduce the energy load
- Some of the passive design strategies used are proper building orientation, cluster building model for mutual shading, etc.
- Active strategies include the use of energy efficient lighting systems and installation of energy efficient mechanical and electrical equipment
- Design avails maximum cross-ventilation and daylight, keeping in mind the sun-path and prevailing wind direction

EEHP-Lotus Boulevard, Noida, Delhi

- 16 Towers on 17.5 Acres with 2/3/4 BHK Apartments
- The unique planning involves a staggered design of towers to form clusters and arrangements of the units to avail maximum cross-ventilation and day lighting
- The buildings are designed to consume minimum energy by understanding the impact of heat gain in the building through solar-path analysis, wind analysis, sun-shading studies etc.
- Solar lighting systems are installed on site to reduce the dependency of the buildings on grid power
- Use of automated or sensor-enabled lighting systems
- Use of low-embodied energy efficient building materials

EEHP-Lotus Zing, Noida, Delhi

Lotus Zing Noida, India

- Century Land Corporation, Kabul has launched a high-rise, multi-family apartment complexes of 45 units each

- The first 20 buildings are delivered and functional, with a target of 100 such apartment complexes

- Community life in Arya City is integrated with schooling, health services, mosque, parks, play area, shopping areas and community centers

- Design incorporates to maximize on wind and sun's direction

- Plans to integrate solar energy for light and heating

Arya City, Afghanistan

Kabul: Formal vs. Informal Housing

To provide housing solutions to the lower income segments of society, thereby increasing their access to *formal credit,* a *healthy community*, and a *sustainable environment* through building an efficient business that is scalable and replicable

Pakistan: Ansaar Management Company-AMC : KKB -4 Lahore

AMC Project KKB-4 in Lahore

- AMC's business model empowers communities through proper civil, social and economic infrastructure leading to a vibrant community environment.

- Block-wise construction and transitioning of residents as each block is complete.

- Sustainable, vibrant and healthy community ensured by 3 year post construction presence of AMC in the community.

- Since electricity supply from national grid was not available, with community consultation, mobile solar lanterns were provided in stage-1.

- Project entirely funded by private sector, and housing provided free to flood effected people.

Pakpur Village, Pakistan- a project to rehabilitate flood effectees

Land Acquisition September 2010
Near Muzaffargarh

Post-Flood Relief Camps September 2010
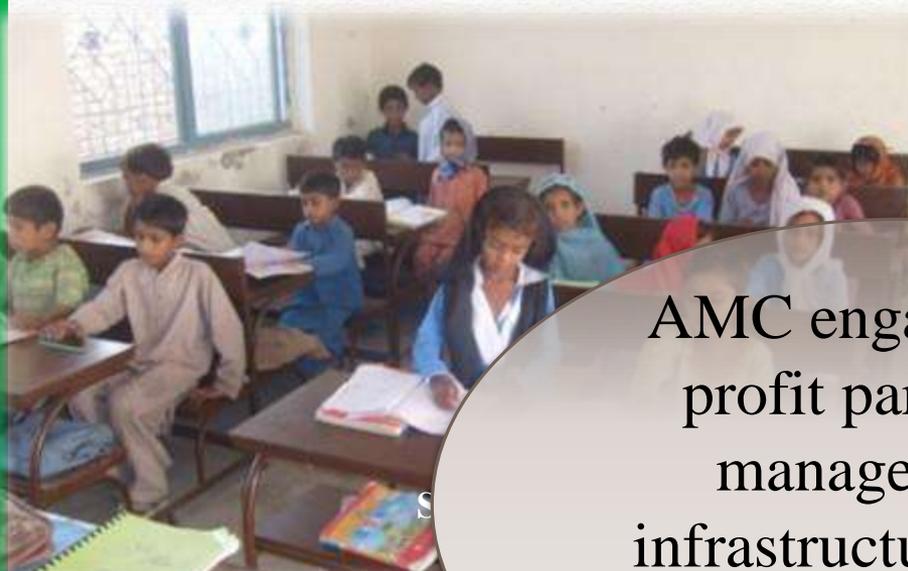(Tent Village – Reception Area)
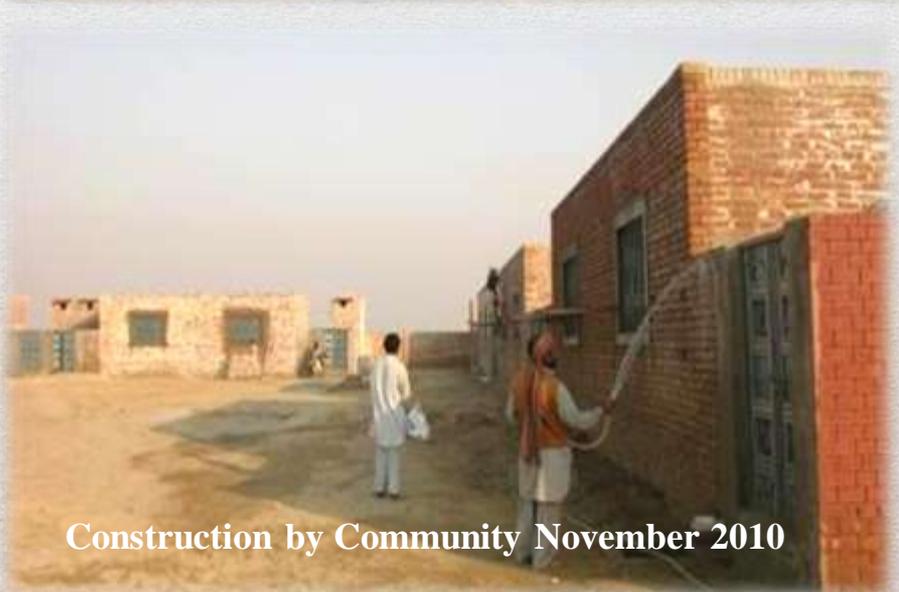
Construction by Community November 2010

May 2011
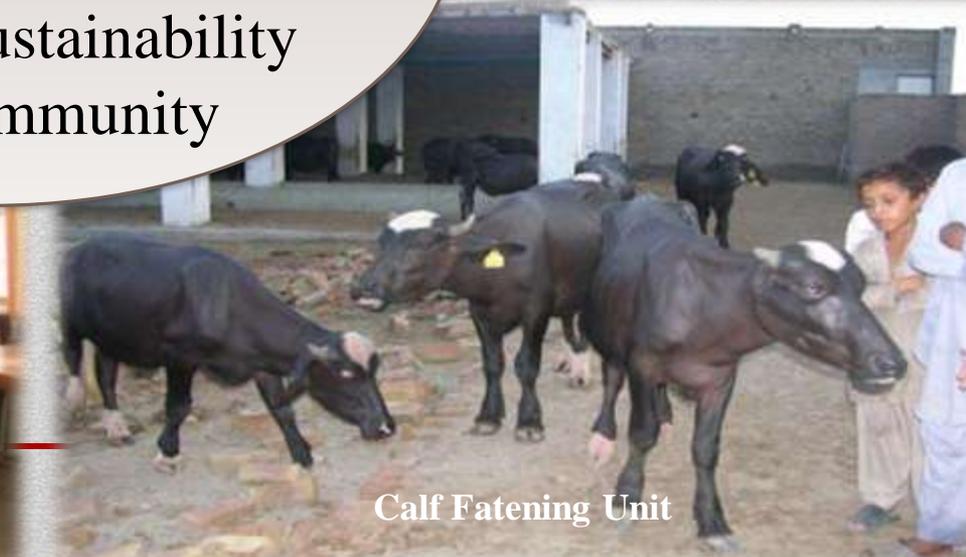
Pakpur Village – Resettlement of Flood Effectees

Pakpur Village – A Rural Growth Hub in Punjab

AMC engages non-profit partners to manage social infrastructure for the long-term sustainability of the community

...spensary

Vocational Training Institute

Calf Fatening Unit

Pakpur Village: Solar lantern empowerment

Issues we know, Answers we need

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