“Implementing the New Urban Agenda: Promoting Access to Adequate and Sustainable Housing”
Theme Paper of the 26th Session of the Governing Council

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EXECUTIVE SUMMARY

Housing is an essential element of urbanization and has transformative attributes to implement the New Urban Agenda (NUA). At least half of the land in cities is used for housing purposes, which is why housing development decisions shape urban form and are key for sustainable and inclusive urban development.

Adequate housing is a basic human need and part and parcel of the right for an adequate standard of living of all in 1996. In 1996, 176 Member States "committed to promote the full and progressive realization of the right to adequate housing as provided for in international instruments" when they undersigned the Istanbul Plan of Action and the Habitat Agenda. Similar commitments were made by Member States when they adopted the NUA in Quito, in October 2016.

Any investment in housing has an immediate impact on cities and a profound influence on people's life. Housing touches every single aspect of the economy of a country and has interface with practically every development sector. Its construction and delivery are intrinsically connected to multiple policy areas such as land and property rights, finance, basic infrastructure and services, governance, urban planning, building industry. It impacts directly the capacities of countries and cities to respond and prepare to climate change, reduce poverty and improve resilience. Furthermore, housing plays a catalytic role in economic development, employment generation, poverty reduction and mitigation of vulnerabilities found in cities. A well-functioning housing sector propels GDP growth by up to 20 per cent in some countries.

Since Habitat II in 1996, one of the most critical challenges around housing has been its affordability. The UN Global Sample of Cities, launched during Habitat III Conference in Quito, shows that people across all types of urban centres are not able to afford home ownership or even the cost of rental housing. In low-income countries for example, households need to save the equivalent of nearly eight times their annual household income in order to be able to afford the price of a standard house.

In 2008, one of the worst global economic crises of the last decades had housing at its epicentre, entrenched in a combination of financing and ownership models that stressed speculation over social welfare. In reaction to the crisis, countries have increased efforts to regulate financial institutions and manage the risks of financial products. In addition, over the past few decades, a series of housing responses have in many cases contributed to produce cities that are fragmented, unequal and dysfunctional. While the most common response has been in the form of mass housing development built in the periphery of cities, other challenges include urban sprawl, vacant housing stock, spatial exclusion and social fragmentation which in turn engender other forms of social exclusion, inequalities and violations of human rights.

The NUA offers an alternative for sustainable development where access to adequate housing is a transformative force that can lead countries and cities to overcome challenges related to climate change, poverty, exclusion, and inequality, and embark on a path to inclusive, planned and sustainable urbanization. This paper, prepared as background for the 26th Session of the UN-Habitat Governing Council in 2017, explores ways forward in which access to adequate and sustainable housing can contribute to implementing the NUA and to achieve SDG 11.

Section 1 provides facts and figures and outlines the challenges faced by Governments in providing housing opportunities at scale. The second section presents a brief overview of the progress and evolution from the 1976 Habitat I Conference to Habitat III in 2016, as well as the role of housing in achieving Agenda 2030, especially SDG 11 Target 1, and the NUA. It highlights the influence of the 1996 Habitat Agenda and articulates the strategy of positioning housing at the centre of the NUA. In section 3, ways forward are presented, with access to adequate and sustainable housing and slum upgrading as pathways to implementing the action-oriented strategies of the NUA. Making affordable housing accessible at scale will depend on integrated policies and effective governance systems with enabling institutional and regulatory frameworks for housing to play its catalytic role in the economy and be developed in consonance with land, infrastructure and finance. Finally, a closer connection between housing and planning will boost more compactness in city form, foment social mix and mixed land-use, and ultimately promote urban structures that favour efficient mobility and economic development. In this way, countries and cities can provide housing opportunities at scale, upgrade the existing stock of slums and contribute to the implementation of the NUA and SDG 11.
1 Housing the World: understanding the challenges and harnessing the opportunities

The shift towards a predominantly urban world makes the process of urbanization one of the most significant global trends of the 21st century. Compounded by urbanization and rapid population growth, cities around the world are facing persistent challenges to meet the housing needs of their population. Not only the lack of adequate housing is enormous, but in many countries the stock of vacant houses increases even when millions of people are homeless. Housing affordability has become a global crisis with strong negative impacts on the well-being of people as it exacerbates urban inequality. The lack of affordable housing in cities compel people to resort to slums and informal settlements where the only housing option is available for at least one quarter of the world’s urban population.

Clearly, a lot of the challenges faced by cities are related in one way or another to the way housing is being produced and delivered. The sustainable future of cities and the yields of urbanization will therefore strongly depend on tackling issues related to housing and harnessing its opportunities.

1.1 Main trends and figures

More people living in cities

There will be 9 billion people on the planet by 2050, an addition of over 50 million a year. A significant increase in urban population will occur in countries where urbanization levels remain relatively low like in Africa and Asia, where 90 per cent of the total world population growth is expected to take place by 2050. This means that approximately 2.2 billion people will need adequate housing, decent work, basic goods and services in the next 30 years. This demographic trend takes place hand-in-hand with ageing population, intensive migration, increasing vulnerability to climate change and significant concentration of population in cities and urban agglomerations. Sustainable urbanization will depend on how each of those trends occurs in cities and towns and how they affect each other.

Housing needs are increasing with urbanization

The global housing challenge is becoming critical with urbanization. By 2030, UN-Habitat estimates that an additional 3 billion people, about 40 per cent of the world’s population, will need access to adequate housing. This translates into a demand for 96,000 new affordable and accessible housing units every day and the need to provide 4,000 units every hour. Besides that, an estimated 100 million people worldwide are homeless and one in four people live in conditions that harm their health, safety and prosperity. It is estimated that the struggle to obtain adequate and affordable housing could affect at least 1.6 billion people globally within a decade. About 85% of the demand for new adequate housing is expected in emerging economies, of which about 50% will be in China.

Cities growing unplanned and less dense

In many parts of the world, national and local Governments are struggling to manage urbanization. The UN Global Sample of Cities, with examples for 200 cities around the world, has found that cities are increasingly less planned and less dense. The density of cities in developed and developing countries has declined respectively by 52.5 and 37.5 per cent in the last two decades, following sprawling growth paths that are fragmented, unsustainable and that adversely affects the mobility of people and their access to jobs and urban services. The challenges to develop and enforce urban plans and land use ordinances, often result in increasing levels of informal urbanization and inadequate housing, most affectedly represented by the growth of slums and other informal settlements.
1.2 The main challenges around housing

Housing affordability

One of the most daunting challenges of urbanization globally has been the provision of adequate housing that people can afford. Findings from the UN Global Sample of Cities show that people across all types of urban centres are not able to afford home ownership or even the cost of rental housing. In low-income countries for example, households need to save the equivalent of nearly eight times their annual household income in order to be able to afford the price of a standard house in their town or city. If they rent, households have to commit more than 25 per cent of their monthly income to rent payments.

The affordability issue is affecting the developing and developed worlds alike. In Latin America, high house price-to-income ratio and inaccessible housing finance compel households to resort to informal solutions without the benefits of planning and safety regulations. In many parts of Sub-Saharan Africa, less than 10 per cent of households are able to afford a mortgage for even the cheapest newly built house. In fact, African households face 55 per cent higher housing costs relative to their per capita GDP than in other regions. In many European countries, families, especially the youth, are severely cost burdened and have much less to spend on other necessities such as food, health, transport and clothing. In extreme circumstances, households are forced to leave their accommodation because of the inability to pay. The current migration crisis has worsened housing conditions in the region, a trend that seems set to continue in the next few years.

Figure 1: Occupant Household Affordability of Housing in the Global Sample of Cities. UN-Habitat (2016). Fundaments of Urbanization. Evidence Base for Policy Making. Nairobi: UN-Habitat
Inadequate housing, informal settlements and slums

Today, 1.6 billion people live in inadequate housing globally, of which 1 billion live in slums and informal settlements\(^{12}\). This means that about one in four people in cities live in conditions that harm their health, safety, prosperity and opportunities\(^{13}\). Lack of access to basic services is a common constraint in informal settlements and slums: worldwide 2.4 billion people live without improved sanitation and 2 billion are affected by water stress\(^{14}\). In spite of a decrease from 39 to 30 per cent of urban population living in slums between 2000 and 2014\(^{15}\), absolute numbers continue to grow: currently, one quarter of the world’s urban population is estimated to live in slums, 881 million urban residents as opposed to 792 million in 2000.\(^{16}\) Young women- and children-headed households are often the most vulnerable to inadequate housing conditions\(^{17}\). Homelessness is also a growing challenge and it is estimated that more than 100 million people worldwide are homeless\(^{18}\).

Slums represent one of the most extreme forms of deprivation and exclusion and remain a critical factor for the persistence of poverty and exclusion in the world – indeed a challenge for sustainable and inclusive urbanization. Research shows that other forms of urban poverty in the form of informal settlements increasingly become a worldwide phenomenon found also in the developed world\(^{19}\).

Land and property markets

The lack of serviced land and a dysfunctional property markets are two critical obstacles hindering affordable housing supply. One of the most common problems related to land delivery systems\(^{20}\) is the reproduction of mass residential schemes which are built far away from the urban core where land is cheaper. This has had adverse impacts on the livelihoods of the population and created costly, fragmented and unsustainable urban growth.

Property rights and security of tenure also have a profound impact on the housing sector as whole. The less protected and documented these rights are, the more housing becomes scarce, costly and inaccessible, triggering a buoyant informal land and housing market and propelling slum formation and informal settlements. It is likely that less than 30 per cent of developing countries are currently covered by some form of land registration – that is, about 70 per cent of people in the developing countries are outside a register\(^{21}\). In Sub-Saharan Africa for example, more than five different land-rights systems can overlap, leading to confusion and often to land conflicts. This explains the endemic scarcity of affordable housing in Africa. It transforms housing into a risk investment sector compelling financial institutions and potential investors to either move to other sectors of the economy or apply very high interest rates on loans and mortgages.
Regulations also affect land supply for housing. Constraints in the regulatory environment e.g restrictions to multifamily housing, internal subdivision or addition of new units or new floors increase transaction costs and housing costs. In cities where there is ample supply of land for urban development and few regulatory restrictions to land use, housing markets boom and there is much slower price increases.

**Sustainability, safety and resilience**

The housing sector accounts for significant energy consumption. Households account for about 19 per cent of total worldwide energy consumption. The overall building stock which is composed mainly of residences is responsible for more than 40 per cent of global energy use and represents the single largest contributor to greenhouse gas emissions. Environmental degradation stemming from housing construction, material extraction and low-density suburban development further threatens the sustainability of cities. The use of local materials and techniques is still limited in spite of their potential to reduce energy consumption and promote local economic development.

In addition, house is a major environment of exposure to environmental and health hazards due to lack of habitability, overcrowding, inadequate location and services, among others. Natural disasters caused twenty three million people to become homeless in the past 10 years and 144 million to be displaced between 2008 and 2012. Indeed, many environmental risks are associated with the poor quality of housing structures and their location, hitting the poor the hardest. Urban resilience is equally impacted by housing conditions and can be improved with better design and planning of housing.

More than half of the building stock in the developing world is still going to be built by 2050. This means an opportunity to design houses that are more sustainable, safe and resilient. Good design will be key and there is immense opportunity for innovation.

## 2 The Evolution of Housing at the centre of the Development Agenda: from Habitat I to Habitat III

Housing at the centre of the New Urban Agenda draws on the achievements and commitments of previous UN conferences, in particular the Habitat I and Habitat II conferences where housing was placed in a prominent position. Access to adequate housing has been recognized as a development problem since the founding of the United Nations in 1945 and the adoption of the Universal Declaration of Human Rights in 1948. From the basic needs policies towards the rights-based approach to development, housing has been identified as instrumental to meet the growing needs of urbanization in a way that benefits all people. From Habitat I (1976) to Habitat III (2016), there has been significant progress in the way housing has been addressed by Governments. The adoption of the General Assembly Resolution 43/181 on the Global Strategy for Shelter to the Year 2000 was a particular milestone. It urged governments to develop and implement national housing strategies that are integrated, multi-sectorial, gender and pro-poor, and promote legal and institutional reforms to enable multiple stakeholders in housing production and delivery. This unique policy document was influential and stimulated significant shifts in housing policy and practice. Many countries have gone to significant scale in housing supply since then such as India, South Africa, Ethiopia, Morocco, China, Sri Lanka, Chile, Brazil, Mexico, Singapore and South Korea. National and citywide slum upgrading programmes have been adopted in Indonesia, Thailand, India, Brazil and Colombia.

The adoption of the Habitat Agenda and the Istanbul Global Plan of Action by 176 countries in 1996 at the Habitat II conference, known as the first city summit, placed two important commitments e.g. ‘adequate shelter for all’ and ‘sustainable human settlements development in an urbanizing world’. This has led to a variety of policies and approaches linking housing to urban policies. The cross-sectorial nature of housing and its linkage with sustainable development and the precepts of the Agenda 21 was recognized and this influenced both government policies as well as bilateral and multilateral cooperation.

The institutional response of UN-Habitat included two global campaigns for security of land tenure and urban governance, a shift in the housing to urban indicators, enlargement of the urban management program in
cooperation with UNDP and the World Bank, and engagement with UNEP in localizing the Agenda 21 and promoting sustainable urbanization. Governments reaffirmed their commitment to the full and progressive realization of the right to adequate housing, as provided for in international instruments and for the fate of people living in poverty, vulnerability and exclusion. The recognition of cities and local governments as well as other actors found at the community level in the public, private and non-profit sectors was a significant breakthrough and has influenced a new generation of housing policies that placed responsibilities at the local level. The linkage with other sectors of the economy and the importance given to rules and regulations, institutions and capacity to manage the housing sector were paramount in the recommendations for measures to enable the housing markets to work, secured land to be supplied at scale coupled with financial instruments and infrastructure development. The New Urban Agenda actually builds on this legacy of Habitat II and the Habitat Agenda.

In September 2015, the UN General Assembly adopted “Transforming Our World: The 2030 Agenda for Sustainable Development”. Sustainable Development Goal 11 – “making cities and human settlements inclusive, safe, resilient and sustainable” – and specifically Target 1 – “by 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums” – recognizes the Right to Adequate Housing and slum upgrading as critical elements for inclusive and sustainable urbanization. SDG 11 builds on the Millennium Development Goals’ unfinished business by proposing a global commitment to address urban and housing problems more holistically.

In October 2016, the Habitat III Conference gave birth to the New Urban Agenda, a guiding framework for sustainable urban development for the next two decades. The NUA places housing at the centre of sustainable urbanization and is therefore essential to the achievement of SDG Target 11.1. In the implementation of Agenda 2030 and the NUA, countries and cities have the unique opportunity to integrate housing in the concerted efforts to develop human rights-based, strategic and globally aligned approaches towards inclusive and sustainable urban development.

2.1 Housing in the New Urban Agenda

The New Urban Agenda embodies a new vision of urbanization as the engine for sustainable development. In this vision, the full and progressive realization of the Right to Adequate Housing is one of the transformative forces that can potentially lead the world to overcome challenges related to climate change, poverty, exclusion, and inequality, and positively influence cities to embark on a path to inclusive, planned and sustainable urbanization. The NUA can be synthesized as a set of five action-oriented strategies for national, subnational and local Governments to address the challenges and harness the opportunities of urbanization. These are: National Urban Policies, Rules and regulations, Urban Planning and Design, Financing Urbanization and Local Implementation.

The full and progressive realization of the Right to Adequate Housing as outlined in the Habitat Agenda (1996) and provided for in international instruments is at the centre of the NUA. It is at the core of the NUA’s principles to leave no one behind by, inter alia, providing equal access for all to adequate and affordable housing and upgrading slums. The realization of the NUA’s transformative commitments towards inclusion, prosperity and sustainability largely depends on how housing strategies align and interact with the five action-oriented strategies outlined above. Particularly how, at the national level, housing policies integrate into the framework of National Urban Policies in consonance with all relevant sectors – education, health, employment – and at the local level, how housing is integrated into urban planning practice and coordinated with the different inputs required for its development – land, infrastructure and finance.

Ultimately, the NUA is calling for integrated policy action from national, city and local Governments to bring housing to the centre of national and local urban agendas and contribute to sustainable and inclusive urbanization.
2.2 UN-Habitat’s contribution to implement the SDGs and the NUA: the Housing at the Centre approach

UN-Habitat supports Habitat Agenda partners and Governments at all levels in undertaking housing sector reforms and formulating housing policy, legislation and strategies that promote the realization of the Right to Adequate Housing and contribute to inclusive, safe, resilient, and sustainable cities, as stated in SDG 11 and the NUA.

The growing urgency to provide adequate housing to millions of households and the need to do so in ways that guarantee a sustainable future for cities call for a shift in housing policy and practice. UN-Habitat adopts the ‘Housing at the Centre’ approach, following endorsement of Member States in 2015, with guiding principles at the national and local levels, to position housing as a priority in the public debate around urbanization. ‘Housing at the Centre’ departs from an understanding of housing as more than a roof and four walls, with the right to live somewhere in security, peace and dignity. It not only takes into account the socio-developmental dimension of housing, but also places people and human rights at the forefront of sustainable urban development.

Its principles at the national and local levels aim to guide countries and cities towards the achievement of SDG 11 and the implementation of the NUA. At the national level, the goal is to integrate housing into National Urban Policies strategically, contributing to stimulate the economy, reduce poverty and promote inclusion. At the local level, the approach is to reinforce the link between housing and urban planning with special attention to the proximity factor, echoing the NUA. Housing must be at the centre of cities, connected to services, jobs and livelihoods and concomitantly contribute to planned and sustainable urban growth.

3 Implementing the New Urban Agenda: Housing at the centre for sustainable urbanization

A fundamental shift is needed in housing policy and practice to achieve SDG 11 and implement the NUA.

First, policies should put people and human rights at the centre aiming to improve access to adequate and affordable housing and improve living conditions in slums to generate cities and neighbourhoods where people live a decent life in dignity and peace. Addressing the housing needs of the poorest and most vulnerable, especially women, youth and those who live in slums, must be a priority in addition to tackling the affordability of housing which is currently aggravating poverty in urban areas worldwide.

Second, for housing to contribute to national socio-economic development, it has to be placed at the centre of national urban policies in consonance with strategies to fight poverty, improve health, education and employment. A housing sector that performs well contributes directly to the economy, job creation, income generation and poverty reduction. But this depends on how well it is integrated into and governed by effective institutions and regulatory frameworks. Having housing placed at the centre of national urban polices will place countries and cities in a better position to generate prosperity and opportunities for people.

Third, for housing to contribute to sustainable urbanization, it has to be at the centre of urban development and planning, orchestrated with the supply of land, infrastructure and finance. Around 25 per cent of cities is dedicated to residential areas. Regulating land markets, innovating finance and adjusting zoning and building codes as well as the design of housing to effectively use energy, land and natural resources are some of the greatest opportunities for cities to grow sustainable and resilient. Linking housing design to urban planning will bring cities closer to the realization of adequate and sustainable housing for all.

The following sections propose ways forward in which access to adequate and sustainable housing can contribute to implement the five action-oriented strategies of the NUA and to achieve SDG 11.
3.1 Housing at the Centre of National Urban Policies

The NUA calls for national Governments to assume their responsibility in the process of urbanization, through national urban policies, which provide the organizing and unifying frameworks for sectorial policies such as housing and slum upgrading to be formulated and implemented in an integrated manner. It includes inter-sectoral coordination of institutions and regulations, vertical coordination between different levels of government and coordination with the private sector, civil society and academia.

The nature of the housing sector with its institutions, laws and regulations is one that touches every single aspect of the economy of a country and has interface with practically every social development sector\textsuperscript{39}. People living in adequate homes have better health, higher chances to improve their human capital and seize opportunities in cities. At the same time, a housing sector that performs well acts as a development multiplier benefiting complementary industries, contributing to economic development, employment generation and poverty reduction. Broadly, for every job in the house building sector, an additional 1.5 to 2 jobs are generally created in the construction materials and other input industries. The contributions of housing to urban prosperity are also evident. The UN-Habitat City Prosperity Initiative in Mexico reveals that inadequate housing has negative effects on several other dimensions of urban prosperity. Cities with housing conditions below average experience poorer equity and inclusion, reduced urban safety, and have neglected connectivity and provision of public space.

As an important element of national development, 	extbf{housing policies and strategies should therefore be at the centre of national urban policies orchestrated with economic and social policies and integrated into urban development policies}. An effective and integrated housing policy framework requires:

a. 	extit{National and local authorities to reassert a leading role in the formulation and implementation of integrated and evidence-based housing and slum upgrading policy frameworks.} Systemic reforms and strong long-term policies are needed to enable access to adequate housing for all, improve living conditions in slums and tackle affordability constraints especially for the poorest segments of the population. National, subnational and local Governments should be at the helm of formulating, regulating, implementing and monitoring policy frameworks in coordination and integration with related sectors and respective institutions and regulations.

b. 	extit{A simultaneous twin-track approach with curative (slum upgrading) and proactive (new provision) housing policies and programmes.} Housing and slum issues are two sides of the same coin and should be dealt with concomitantly, as recognized in the SDG Target 11.1. While provision of adequate housing can contribute to prevent slums, upgrading existing slums is fundamental for delivering on the NUA’s commitments to promote access to adequate housing and sustainable urbanization. Ensuring better housing and living conditions for slum dwellers should be prioritized as policy goals. Policy makers and institutions should be attuned to the positive dimensions of slums and the capacity of slum dwellers to develop responses that can inform housing policies.

c. 	extit{Improved data and an assessment of the housing sector and slum conditions to unfold the institutional framework, roles and responsibilities, as a first step to design evidence-based reforms and policy.} Policies, in order to be effective, need to be well informed. A housing sector and slum condition analysis is commonly a good way to unpack the opportunities, identify the efficiencies as well as the bottlenecks, in view of improving the delivery and upgrading of housing and the link with its fundamental inputs – land, finance, infrastructure\textsuperscript{39}. Data on socioeconomic and demographic conditions is also essential to the formulation of policies and housing responses. Most importantly, this is likely to strengthen the understanding of policy makers on the functioning of the housing sector and its contribution to implement the NUA.

d. 	extit{Housing and slum upgrading policies be accompanied by a clear strategy for implementation.} Policies make sense only if they can be implemented. This requires detailed plan of action, time frame, and provisions for ensuring that resources are available to implement the actions proposed as well as
indicators for monitoring and evaluation. In the case of slum upgrading, adopt a policy that brings it to citywide program scale\textsuperscript{40}, guided by an area-base urban plan and built on a street-led incremental development\textsuperscript{41} that fully integrates slums into the city’s urban management system. Indeed, finance for policy implementation should be planned and established alongside the policy-making process. Implementation strategies for housing and slum upgrading policies need to be guided by the human rights principles of participation, transparency and accountability and fully integrated into strategies to improve access to land, infrastructure, transport and other basic urban services.

3.2 Rules and regulations for adequate and sustainable housing

Sustainable urbanization cannot be perceived without an appropriate regulatory framework. The same applies to housing development. The legal and regulatory framework affects the performance of the housing sector in many ways. If restrictive and over-regulated, it may generate high transaction costs and induce individuals and households to resort to illicit and/or informal processes to develop or access housing. Research\textsuperscript{42} shows that rigorous legislation attached to land and housing development often translates into inadequate, unaffordable, and often informal housing.

Regulations also influence the housing and real estate markets and consequently the size and cost of the housing stock, which impacts directly affordability and accessibility of housing. It is for these reasons that housing provision and affordability depends largely on the rules and regulations in place. Where regulations have been relaxed to encourage residential construction, benefits have generally accrued for lower income groups. In Hanoi and Bangkok, a key factor in affordable housing construction has been the removal of the regulatory constraint on floor-area ratios, which have resulted in higher densities and increased residential supply. Additionally, some countries are having interesting breakthroughs following the subsidiarity principle – the devolution of power and responsibility to the local level. In Latin America, there is a new generation of municipal housing policies brought to the centre of urban management and development.

Among the different critical elements required to ensure housing development, availability of land and provision of infrastructure are probably the most important. Adequate housing being deeply inter-related with land and infrastructure, it is crucial, for effective governance, that all the regulatory and institutional frameworks of these different sectors be strongly integrated.

The establishment of an effective governance system for the housing sector with enabling legislation for policy and institutional cohesion at national, subnational and local levels is critical for implementing the NUA. Recommendations to achieve this include:

a. **Review of building and planning regulations as well as norms and standards for the use of land, building materials and infrastructure in order to lower housing costs and enable delivery at scale.** Revisiting housing regulations, building norms and codes and planning new standards is likely to facilitate and speed up housing provision. Governments must adopt measures to improve the efficiency of the regulatory environment, decrease transaction costs where possible, and intervene on the supply of land, infrastructure and building materials in view of decreasing housing costs. Regulations that encourage social mixing and mixed land use tend to reflect positively on affordable spectrum of services and housing.

b. **Adopt a regulatory framework for housing provision and slum upgrading that is sufficiently flexible, performance-based and appropriate to local conditions.** Legislation and regulations, and the procedure for their implementation and enforcement at the local level, need to respect cultural values, climate and encourage the efficient use of materials and knowledge. Building codes need to allow for incremental improvement, expansion and densification as well as encourage the use of local construction materials and building technologies. They should also be designed or reviewed to improve resilience, preparedness and adaptation to climate change.
c. **Adopt rules and regulations to simulate housing delivery in central urban areas and create disincentives to urban sprawl.** Rules and regulations should prevent housing to be built in areas with insufficient access to jobs, education, health, cultural and recreation facilities, reproducing an unsustainable use of land and infrastructure. Instead, rules and regulations should contribute to compact and inclusive city growth, encouraging inclusionary affordable housing, mixed land uses, social and income-level population mix. This includes also regulatory restrictions to speculation and inefficient use of land. Slums located in central urban areas should be gradually improved and integrated into the city itself. Regulatory restrictions for housing development can transform into constraints in land supply, if not accompanied with compensatory measures and incentives for developers and land owners.

d. **Adopting policies of incentives supported by enabling legislation that increases the supply of land for affordable housing provision.** For cities to expand and accommodate their growing populations or the increased demand for space resulting from higher incomes, rules and regulations should not restrict the supply of land. The more stringent the restrictions, the more land supply bottlenecks there will be, leading to a market unable to respond to the higher demand and house prices soaring. This is the bottom line: when residential land is difficult to come by, housing becomes unaffordable.

e. **Promote land management and administration systems to ensure security of tenure for all and create a basis for investment in land development and housing.** Secure land tenure and property rights lay the foundation for investments in housing; they propel real estate markets and residential mobility which are essential for a dynamic labour market. When people have documented and registered security of tenure and property rights they feel safe investing their savings on housing improvements and engaging in transactions and exchange of housing without the fear of being evicted.

### 3.3 Urban planning and design for adequate and sustainable housing

Because half of the land use within the city fabric is commonly made up of residential areas, housing development decisions shape urban form and are key functions of sustainable urban development. Housing is an essential element of the urban engine, but for that it needs to be connected to public spaces, economic opportunities and services.

Urban planning and design provide the spatial framework for cities to develop and grow, defining land use, residential areas, public spaces and their relations with each other. Urban planning and design can enable the provision of housing and the upgrading of slums that are connected to livelihood opportunities, with access to infrastructure, transportation and other services, contributing to reduce spatial inequalities, fragmentation and urban sprawl. This is a central principle of the NUA: to produce housing that is affordable and easily accessible, reversing the predatory models of mass housing that are commonly developed on cheap land located in the peripheries of cities.

The effective integration of housing into urban planning is critical to help cities embark on a path to sustainable urbanization. There is increasing concern for the environmental impact of non-renewable energy linked to housing development and maintenance in urban areas and their association to congestion, air quality and pollution. There are also concerns related to how housing is exposed to the consequences of climate change and environmental hazards. This has encouraged planners and designers to consider long term impacts of housing typologies, urban density, mobility patterns, as well as design attributes that can improve resilience and safety housing. Location of housing and accessibility also become paramount in order to prevent the encroachment of environmentally sensitive areas or peripheral growth patterns that produce more traffic and greenhouse gas emissions.

This leaves no doubt that **greater consideration of housing in urban planning for greater inclusion and sustainability will be fundamental to implement the NUA.** Some recommendations include:

- **Urban planning and design should stimulate social mix, mixed land use and diversity of housing in terms of typology, size, standard and location, within cities and neighbourhoods.** Urban planning decisions
that connect with housing development are likely to produce vibrant neighborhoods comprised of different housing options that mix residents from different social backgrounds and income levels. This mix stimulates affordable housing solutions and possible cross-subsidies solutions. Such an approach will promote reliable and affordable transport-oriented development, mixed uses, limited land-use specialization, adequate space for streets and public spaces, high density and social diversity. Efficient urban layouts, adequate plot sizes and floor area ratios are essential planning and design tools to improve the affordability of housing.

b. **Urban planning and design should promote spatial inclusion and connectivity of housing and contribute to sustainable urban development**. Planning and design at city level, integrated with land use and infrastructure planning, should contribute to street connectivity, higher population density and spatial connectivity of housing areas. In articulation with transport systems, urban design should also lead to improved accessibility of housing vis-à-vis public spaces, employment and services. The combination of mixed land use, density and connectivity will lead to more efficient use of land, reduce commuting time between living, working and service and therefore contribute to more environmentally sustainable urban patterns and efficient urban form.

c. **Housing design should contribute to climate change responsiveness and preparedness, and resilience in cities**. Making use of energy efficiency solutions in housing and urban forms is likely to improve produce outcomes that are environmentally sustainable and climate proof. Climate appropriateness of building codes and energy efficiency standards should be locally adapted and housing design culturally adapted to improve resilience of cities.

d. **Urban planning and design should adopt a people-centred approach to housing development and slum upgrading**. Strategies to bring housing at the centre of urban planning and design must be inclusive and people-centred, recognizing the importance of participation and the contribution of people in shaping the built environment. The participation of multiple stakeholders in planning and housing decisions ensures that ultimately the resulted plan is not a government but a society plan to guide urban and housing development and offer better living conditions for future generations.

### 3.4 Finance for adequate and sustainable housing

The NUA proposes that urbanization be financed by the urban value generated by planned city growth. Finance is a key element to increase the provision of adequate and sustainable housing. The availability of housing finance is also crucial for making housing affordable, through the provision of loans, credits, subsidies and financial support to fund housing construction and increase people’s ability to save and pay for housing. This is fundamental in achieving the goal to leave no one behind, the very first commitment of the NUA.

Innovations in finance are needed in order to make housing markets more inclusive and to ensure that affordable housing is accessible at scale in well-located urban areas. Enabling housing finance through mortgages has been developed by Governments across the globe but they still exclude the neediest 60 to 80 per cent of the population. An array of options from public guarantees to cross subsidization and microfinance must be promoted and scaled up.

Governments, at national and local levels, must be involved as public financing is a critical component to finance housing. The strengths and weaknesses of existing tax regimes must be assessed as well as the potential for new and improved tax mechanisms to broaden and diversify finance for housing. The fundamental question is: how to channel housing finance to make affordable housing accessible at scale and contribute to social inclusion? Some propositions:

a. **Increase fiscal effort and revenue collection of cities to create opportunities for housing development and slum upgrading within the urban core or through urban extension projects**. The financial capacity of cities and local governments must be strengthened through betterment levies, property taxes, and land
value capture instruments, to match funding of private institutions for the provision of affordable housing in serviced and well-located urban areas and for the upgrading of slums. Cross-subsidization can be used to place market rate units at a premium to compensate for the provision of more accessible lower-income housing. Slum dwellers and informal settlers must be part of funding allocations.

a. **Attract private sector finance to facilitate the participation of private sector companies in mixed-use affordable housing developments in central urban areas.** The provision of affordable housing at scale must be well connected with the housing market dynamics, taking advantage of both government and private parties’ financial capacity to acquire well-located land and develop more inclusive housing projects. Public-private partnerships, municipal bonds and other fiscal tools can contribute to spatial inclusion producing housing that is affordable to low-income population in central urban areas.

b. **Strategically collaborate with non-governmental organizations and civil society to deliver diversified pro-poor affordable housing solutions and upgrade slums.** Governments must establish strategic partnerships with non-State actors in order to design and implement housing policies that are demand-driven and affordable to poor households. Housing programmes that incorporate the participation of community groups, civil society organizations, NGOs and private sector companies, will trigger a variety of solutions that can bring housing to affordable levels. Such partnerships may use self-help and mutual-aid self-management housing building approaches, cost-sharing solutions, incrementally built housing, all aimed at decreasing housing costs.

c. **Develop inclusive housing finance mechanisms to promote affordable housing and upgrade slums.** Housing affordability is a fundamental requirement for the implementation of the NUA. Apart from mortgage products, there is ample room for innovation in finance that will improve affordability of housing and therefore, it should be promoted. Examples include central housing funds, housing cooperative funds, community mortgage finance and community savings. The sales of development rights can also finance housing development and establishing quotas for inclusionary housing can be a way to count on private sector finance. Financial mechanisms to help the poorest gain access to incremental sustainable financing and achieve security of tenure are necessary. Micro-financing, guarantee funds and special purpose entities can help increase access to housing finance for many who have been traditionally excluded. Low-income financial institutions should play an important role in offering tailored products and new credit instruments that can facilitate access to adequate housing.

4 Dialogue Sessions

The four Dialogue Sessions planned for the 26th Session of the Governing Council will provide the opportunity to discuss in depth the proposals for national, city and local Governments to bring housing to the centre of planned urbanization and contribute to the implementation of the New Urban Agenda. What follows is a summary of proposed topics to be discussed. Detailed outlines will be developed in support of the Dialogue Sessions, providing further information on the thematic areas, the scope of contributions and the agenda of presentations.

**Session I - Housing at the Centre of National Urban Policies**

A fundamental shift is needed in policy and practice to achieve SDG 11 and implement the NUA. An essential part of this shift refers to the need for an integrated policy framework for planned urbanization, which the NUA proposes to be achieved through National Urban Policies. Since this is the first Governing Council since the adoption of the NUA, this dialogue Session will be the opportunity to discuss the scope and importance of sectorial policies within the integrated policy framework of urbanization. The Session will present experiences that demonstrate efforts from countries to formulate and implement integrated housing and slum upgrading policies and their benefits.
The universality of housing makes it one of the main entry points for the implementation of the NUA. The very nature of the housing sector – with its institutions, laws and regulations – is one that touches every single aspect of the economy of a country and has interface with practically every social development sector. People living in adequate homes have better health, higher chances to improve their human capital and seize opportunities in cities. The links between housing and urban poverty are also clear and have been acknowledged in the transition from MDGs to SDGs. As an important element of urbanization, housing policies and strategies should therefore be at the centre of national urban policies, orchestrated with economic and social policies and integrated into wider urban development policies.

The Dialogue Session will present housing policy and programme experiences demonstrating that the delivery of adequate and affordable housing in scale, envisioned and conceived in an integrated and planned manner, brings positive socio-economic outcomes for people, cities and countries, and can therefore contribute to achieve the NUA’s goals.

For example, Ethiopia, Ghana and Rwanda have started by drafting their national urban development policies and followed up with national housing policies and programmes. These are interesting cases for combining strategic development policies with housing and slum upgrading delivery. Brazil and Colombia both have national housing programmes as well as powerful citywide slum upgrading projects that have strategically contributed to national economic and social development. France and Germany have long histories of integrating housing into their social policies and welfare systems, relying on substantial public funding.

**Session II – Multilevel Governance for Adequate and Sustainable Housing and Slum Upgrading**

Housing development needs an appropriate regulatory and institutional framework at national, subnational and local levels. The sustainability, affordability and adequacy of housing depend largely on the rules and regulations as well as institutions in place. Housing being deeply inter-related with land and infrastructure, it is crucial, for effective governance, that all the regulatory and institutional frameworks of these different sectors be strongly integrated. This will strengthen urban governance and contribute to the implementation of the NUA.

This Dialogue Session will discuss institutional and regulatory settings that contribute to improving adequate and affordable housing delivery and slum upgrading at scale. Examples of effective governance systems for the housing sector with enabling legislation for policy and institutional cohesion will be presented and discussed.

For example, South Korea’s housing policy shows a powerful delivery capacity thanks to the support of integrated regulatory frameworks linking land supply and urban planning, along with scaled-up innovative finance. Brazilian cities count on the national law named ‘City Statute’ and a range of regulatory tools to set up urban operations to A) generate land for development through sales of building rights (CEPACs) and changes in floor-area ratio, B) prevent speculation on land, and C) promote spatial integration of housing and tenure security. In Hanoi and Bangkok, a key factor in affordable housing construction has been the removal of the regulatory constraint on floor-area ratios, which have resulted in higher densities and increased residential supply. Other countries that went through a comprehensive and long-term reform process to improve the regulatory framework for housing delivery and finance include Chile, Thailand, South Africa and Mexico. Most recently, Egypt, Morocco and Lithuania also undertook similar reforms.

**Session III – Sustainable Urban Planning and Design for Housing and Slum Upgrading**

Urban planning and design provides the spatial framework for cities to develop and grow, defining land use, residential areas, public spaces and their inter-connections. Because more than half of the land within the city fabric is commonly made up of residential areas, housing development decisions shape urban form and are key functions of sustainable urban development.

This session explores how a greater consideration of housing in urban planning, in consonance with land and infrastructure delivery, can contribute to inclusion and sustainability of cities. Tools to promote social mix, mixed
land use and diversity of housing in terms of typology, size, standard and location will be presented and discussed. The links between housing and urban planning will also be explored to the extent that they can contribute to climate change responsiveness and preparedness, as well as resilience in cities.

Examples include Japan with strong experiences with land-readjustment showing collaborative planning between governments and private land owners in the development of compact and well-connected city plans as advocated by the NUA. Chile’s experience demonstrates the challenges of assembling cheap land in the urban core and urban expansion. The national housing plan and flagship programme delivered mass affordable housing projects of varying quality in various locations, showing the challenges of national-local government relations and of private sector participation in housing delivery, not always connected to the principles advocated by NUA. Also noteworthy, Indonesia has a long standing experience starting with the national Kampung Improvement Programme that led cities to develop their own citywide slum upgrading programmes in close connection with their urban planning. Among developed countries, Germany has experience in land readjustment to produce land for affordable housing, and France and the Netherlands have strong regulatory frameworks to promote inclusionary housing.

Session IV – Inclusive Finance for Affordable Housing

Proper financing of the housing supply includes different components: land acquisition, off-site and on-site infrastructure, and the actual construction of houses. All this affects the overall affordability of housing.

This Dialogue Session unpacks housing finance approaches to address the global problem of housing affordability and focuses on the experiences that connect finance to affordable housing supply, showing how national, subnational and local Governments, private sector and NGOs, managed to innovate, promoting inclusion in finance and reaching affordable prices, and therefore directly contributed to implementing the NUA.

For example, South Africa, Brazil and Morocco have gone to scale in housing finance; however, all three countries experienced the difficulties of combining scale with the spatial integration of housing. Colombia also presents an interesting case with legislation promoting affordable housing within the city core in order to produce social mix via urban planning; with the capital, Bogota, had a lot of challenges implementing the law. Singapore, Mexico, the Philippines and Brazil as well as the Netherlands have the experience of creating a central fund to finance social housing for low-income families. In the case of Singapore and the Netherlands, this was closely connected to their urban planning and neighbourhood development, in alignment with the precepts of the NUA. The NGOs Habitat for Humanity International and Slum Dwellers International both have a history of promoting community savings groups to match public finance in the acquisition of land for building self-help housing. Namibia, India, and Thailand offer good examples of this model. The 300 cities programme by the Asian Coalition for Housing Rights in Thailand is a case in point demonstrating their effort to go to scale.

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1 One of the first references to the right to adequate housing is in article 25 (1) of the Universal Declaration of Human Rights. The International Covenant on Economic, Social and Cultural Rights, widely considered as the central instrument for the protection of the right to adequate housing, refers to the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions (art. 11).
7 This is a research carried out by the University of New York, in cooperation with UN-Habitat and the Lincoln Institute of Land Policies. The UN Sample of Cities includes 200 cities selected from a universe of 4,231 cities that had more than 100,000


11 Social Housing in the UNECE Region: Models, Trends and Challenges.  

12 “100 million people in the UNECE region spend more than 40 percent of their disposable income on housing – this is a conservative estimate”. 

13 Slums are residential areas where 1) inhabitants have no security of tenure vis-à-vis the land or dwellings they inhabit, with modalities ranging from squatting to informal rental housing, 2) the neighbourhoods usually lack, or are cut off from, basic services and city infrastructure and 3) the housing may not comply with current planning and building regulations, and is often situated in geographically and environmentally hazardous areas. Informal settlements and slums, as the most deprived areas within are constantly exposed to eviction, disease and violence. Habitat for Humanity (2014). Shelter Report

14 Habitat for Humanity (2014). Shelter Report


15 “A slum household is a group of individuals living under the same roof in an urban area who lacks one or more of the following five conditions: Access to water; access to sanitation; secure tenure; durability of housing; sufficient living area”.


19 Social Housing in the UNECE Region: Models, Trends and Challenges.


22 Angel et al, 2016, The NYU Urban Expansion Program, The NYU Stern Urbanization Project and the NYU Marron Institute of Urban Development, New York University. Several phases of the monitoring program are undertaken in partnership with the United Nations Human Settlements Programme (UN Habitat) and the Lincoln Institute of Land Policy.


28 While in Europe it is expected that, by the year 2050, some 25-30% of the building stock will have been built, in developing countries that figure can be estimated at close to 75%. UN-Habitat (2015) Handbook for Sustainable Building Design for Tropical Climates. Page 5


33 Transformative commitments for sustainable urban development paragraphs 23-80.

34 In its resolution HSP/GC/25/L.6, the 25th Session of the Governing Council of UN-Habitat “Takes note of the ‘Housing at the Centre approach’, which positions housing at the centre of national urban policies and of cities, and encourages the United Nations Human Settlements Programme and member States to consider the implementation of the Global Housing Strategy, as appropriate, including through the design of tools and mechanisms to promote inclusive housing finance at the national and local levels to bridge the housing gap and to contribute to the progressive realization of the right to adequate housing for all.”
At the programmatic level, the ‘Housing at the Centre’ approach builds on previous work UN-Habitat has been doing through Global Housing Strategy, the Right to Adequate Housing Programme and the Participatory Slum Upgrading Programme. The application of human rights principle and standards into housing and sectorial policies should be according to the Human Rights Based Approach and its programmatic framework. UN-Habitat (2015). Programmatic Guidance Note for UN-Habitat Staff.


UN-Habitat. A Practical Guide for Conducting Housing Profiles. Supporting evidence-based housing policy and reform. Nairobi: UNCHS. This is a methodology adopted by UN-Habitat in helping countries to undertake housing sector analysis to support housing reforms and policy making and implementation.


Sprawl can be mainly caused by urban design that favours the use of private vehicle and by housing markets that favour the supply of single housing units. Robert Bruegemann, 2010, The Causes of Sprawl, The City Reader, Routledge, London


The Median Multiple is widely used for evaluating urban markets, and has been recommended by the World Bank and the United Nations and is used by the Joint Center for Housing Studies, Harvard University. The Median Multiple and other price-to-income multiples (housing affordability multiples) are used to compare housing affordability between markets by the Organization for Economic Cooperation and Development, the International Monetary Fund, The Economist, and other organizations.

Habitat III Policy Unit Paper on Housing.