POVERTY ALLEVIATION AND URBAN POOR HOUSING: CONSIDERATIONS FOR DEVELOPING HOUSING POLICY

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Presentation

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The need to house the poor in the cities comes from the evolving debate on housing the urban poor that raised by Turner and Fichter's (1972) book illustrating that where dwellers are in control; their homes are better and cheaper than those built by government programs and large corporations. Left to their own mechanism, the poor are capable of housing themselves.

The poor are capable of housing themselves.

Turner's (1972) specific view in this book is that housing should be seen as a verb and that what the poor need in housing themselves is assisted self-help. Globally, the poor in urban areas continue to provide their own housing in a variety of ways and circumstances that have been rarely recognized by policy makers.

housing as a verb = a process
Key issues

The issues of this paper therefore on the kinds of housing the poor provide for themselves when they are left to their own way for house building and home-making.

Is this the kind of housing they want? Whether this is the kind of housing they want or not, how can the poor be enabled to get what they want?

The conclusion of the paper deals with how enabling the poor to house themselves would help alleviate poverty in Indonesia generally.

How could providing the poor with housing would alleviate poverty?

There are both micro and macro economic benefits for housing the poor

The general benefit to overall national economy:
- multiplier and accelerator effects,
- employment generation (both in housing provision and infrastructure development),
- backward and forward linkages, and
- poverty alleviation.
At the macro level:

Housing the poor would help alleviate poverty since they would own assets (land and buildings) that can be used for making loans from the banks for setting up businesses and thus increase their economic wealth and their social capital. The poor will not be as vulnerable to poverty as they have been.

Enabling the poor build their houses therefore has development implications.

Micro-level benefits increase the economic condition depends upon local circumstances, but there are other benefits of housing the poor apart from employment generation (creative economy, affordability).
Global worldview of poverty is the result of the expansion of western culture over vernacular culture and that even though poverty is multi-faceted (Rahnema, 1992; Rickets, 1992), it has often been defined in economic terms.

Poverty is multidimensional but the different dimensions of poverty interact in ways that reinforce each other.

- In economic terms, poverty can be measured as a lack or deficiency of economic attributes such as income, capital, and assets.
- In social and political terms, it can be seen as a lack of human capital (e.g. skills) and basic needs such as housing and education, as well as political participation and control over decisions that affect individuals (Ravallion and Lokshin 2006).
- In existential terms, it can be seen as a lack or deficiency of social capital, and networks (e.g. affection from friends and family and loved ones), exclusion and isolation.
Who are the poor in the developing countries?

- For politicians, planners, and economists who deal with the developing countries, poverty has often been measured in economic terms using a lack or deficiency of income as the basis.

Part of the reason for this is that income poverty measures are practical and easily comparable across countries, provinces, and regencies.

Term of low income as synonym for poor

- Increasingly, the term low-income is used synonymously with the poor in both academic and practitioner discussions, such as in many national governments (KKPP 2007a 2007b).

This lack of distinction between poverty and low income is, based on the assumption that the most convenient (not the best) way to measure poverty is in terms of income.
Term of low income as synonym for poor

- de Janvry and Kanbur (2006) provides three theoretical categories of who the poor are. These categories are rather interrelated.
- First, a distinction exists between the chronic and the transitory poor (either due to sickness, drought, conflict or temporary unemployment).
- Second, a distinction exists between the poor and the needy (such as women, disabled, and old). The needy seems to be chronically poor.
- Third, a distinction exists between dependent and economically active. The economically active are the transitory poor and the dependent are the chronically poor and needy.

Term of poor in the paper

- In this paper, the focus is on the transitory poor who are economically active.
  Thus, their lack of access to physical and human capital, income, assets, and exclusion from social capital of their communities is not total, but they move in and out of poverty from time to time.
**Term of poor in the paper**

- **Poverty**, is broadly defined to include both economic and social deficiencies of urban poor in developing countries. It implies an exclusion from a network of economic, political and social attributes of life.

The **typical poor person** in the developing countries (thus, Indonesia) will therefore be someone with a **deficiency** of income but also economic capital, assets, formal education, housing, power, and even social networks and capital (KKPP 2007a 2007b 2005a).

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**How do the urban poor build their self-help houses?**

- Research and policy on housing provision has often used a **social science approach** where large quantities of data are collected and used to draw generalizations that inform policy.

Because of the concern of this paper with “how do the urban poor build their self-help houses?” the approach used in this research is reflecting on previous research conducted within the ‘Housing and Settlement Research Group’ (KKPP-ITB 2008a 2007a 2007b 2007c 2006a 2006b 2005).
How do the urban poor build their self-help houses?

For research where the emphasis is on **policy implications**, this approach suggests that pro-poor housing policies are based on **empirical findings**. The reason for adopting it here is that the research question being addressed has **hardly been addressed** in the literature. Therefore, it is important to intensively study what the poor have built by isolating a typical experience of a poor person in providing housing for himself and his family as well as his personal way of building a house.

Findings from his experience can then be used to make suggestions on how Indonesia's settlement strategy can approximate the existing pluralistic approach.

How did the urban poor get what they have now?

- The question is whether this is really the kind of housing that the urban poor want to own. To address this question, however, we need to understand **how the urban poor have built their house** by discussing land tenure, house building process, and cost of services.
The land usually originated from informal inheritance from the parents who did not have title to the land. In the context of changing land use of land in urban area, the poor usually have very little security to this land.

The typical land, previously agricultural, has changed to residential use and has acquired more economic value (KKPP 2007a 2007b 2005a). This is despite the fact that there were no services such as roads, electricity, and water lines to this area.

As the land value increased, various families are contesting ownership of land in the area.

The poor family who started their live in urban context have decided that owning a house, even if it does not have all the modern services, is a far better option than renting a room.

The house building was built by a combination of traditional and modern methods and was predominantly self-built with only minimal amounts of hired labor (KKPP 2007a 2007b 2005a).
Despite the minimal quality differences in the poor and non-poor houses, cost differences exist.

This cost differential, however, is more a reflection of the building process, building materials used, and the absence of services to the poor’s houses rather than the quality of building.

Casual observation of house would not reveal that the difference in whether one type of housing is better or worse but is more a reflection of the extent of self-help and self-built, imported versus local materials used, and the pre-installation of utilities.

Thus, the houses of urban poor is a quality built house that does not have the modern services, such as amenities and utilities (KKPP 2007a 2007b 2005a).
The self help urban poor house combines an excellent mix of traditional building materials and methods that are indigenous to the tropical climate of Bandung.

This combination of traditional and modern materials is what most poor people can afford in terms of housing themselves in Indonesia.

- The achievements of the urban poor in building their own house are impressive in the light of the kinds of obstacles they have experienced. Homeownership is associated with increased social status, even among the poor (Yeboah, 2000).

The urban poor have to overcome obstacles that relate to their security of tenure, housing finance, choice of building materials, quality of house, and cultural barriers that affect the house building and home-making.
The urban poor perceived security of tenure as a key problem in their housing options, therefore have been unwilling to further improve and develop their structures for fear of wasting money (KKPP 2007a 2007b 2005a).

This situation is not unique for particular urban area but seems to be a common problem of most metropolitan area of Indonesia and global context.

Such situations of land tenure insecurity are more real for the poor as they may not be able to use the legal system to resolve their problem.

Housing affordability has been weakened by security of land tenure.
Innovations in housing finance

- Another obstacle that the urban poor face relates to financing land acquisition and house building. For the most part they relied upon personal savings (which were sometimes tied up in assets such as used appliances), and on the skills of family members and neighbours to build their house (KKPP 2007a, 2007b, 2005a).

They have no access to credit from the formal sector of the banking industry. Recent innovative approaches developed for mortgages in Indonesia exclude the poor since they are targeted at the middle-class. For the poor, therefore, the reliance on extended family skills are the only way to create wealth in the form of housing assets.

Building material costs, quality of housing and cultural appraisal of housing

- The poor housing experience demonstrates that building materials for quality housing can be produced by the traditional sector, at an affordable cost, or can be foraged for free, although this may have effects on the environment (Wells et al., 1998).

These traditional materials have an effect on economic growth of countries that emphasize them in their housing strategies (Tiwari, 2001). In addition, traditional and modern building materials can be combined in a variety of ways to provide quality housing (Wells et al., 1998; Tiwari, 2001).
What is needed is to find ways in which the combination of the two can be done with the most benefit in terms of quality and cost to poor builders in Southeast Asia.

This brings to focus the relationship between building standards, traditional and modern building materials, and the role of research agencies that can provide practical advice to builders. The state as an enabler in housing provision has to promote this relationship. In addition, culture or taste of homebuilders and financial agencies in the country should change.

Lessons learned from the case studies of poor urban housing in Bandung provide a way forward to bridge the gap between the pluralistic approach and the formal pro-poor urban housing strategy.
Policy implications

- pluralistic approach
- Lessons learned
- Formal pro-poor urban housing approach

First, the state has to **shift its policy focus** from an emphasis on formal sector providers to the pluralistic approach that emphasizes both formal and informal sectors (the private, community, NGO, public and more importantly, individual house-builders).

Second, **acknowledgement** of the poor as viable providers of their own housing will be **meaningless** unless the problem of access to land is resolved.
Consideration for policy implication

Third, part of the enablement of the poor is in the form of innovative and targeted finance for land, sewages, bathrooms, stand pipes, electric, serviced land, and roofs among others.

Increasingly, micro finance schemes funded by international agencies, which have been designated to benefit the poor, seemed not to benefit the poor but the middle and upper classes (KKPP 2007a 2007b 2005a).

Consideration for policy implication

Fourth, Indonesia's literature on building materials, seem to focus on rather conventional and formalized building materials that have been the focus of research to the exclusion of what the poor see as building materials.

Finally, unless cultural appraisals of traditional building materials and the taste of potential builders are changed, most poor people will incline towards using modern building materials.
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