

The Integrated Housing Development Program: Identifying Strengths and Gaps

The Problem ↓

Addis Ababa, the lead urbanizing city capital of Ethiopia, inhabits nearly 20 percent of the country's total urban population (CSA, 2014). Rapid urbanization coupled with high population migration into the city have accelerated the housing stock demand beyond capacity. The housing sector that engages in supplying housing stock to the city's residents has been in a long-standing strain. At the beginning of the year 2000, the city's nearly 4 million inhabitants had a housing supply backlog of about 300,000 units. These numbers show the housing supply shortage in the city and are oftentimes characterized by poor conditions.

In Addis Ababa, housing supply is also most critical to the middle and low-income groups of the population. A number of factors fostered the poor housing supply conditions in the city. First, is lack of access to affordable land and the widely practiced market-oriented land management system (Tesfaye 2007).

Besides poor land management practices, lack of diversified housing delivery systems; the absence of a robust and affordable housing construction industry; and the absence of diversified housing financing system are all factors that continually shape the housing stock supply in the city. Particularly among the urban poor, limited access to decent and affordable housing has driven fast growing informal and squatter settlements in the city.

The Integrated Housing Development Program:

With its effort to address the housing demand gap in the early 2000, the government has interjected as one of the lead housing suppliers. The IHDP project is unique for the reason that it aims to supply housing to those underserved by the market. The IHDP program is also unique in that it is fully government led and financed. In addition to the role that the government plays, the integrated and holistic approach to addressing urban poverty makes the IHDP program unique. According to the UN-Habitat (2011), IHDP's objectives are to:

- i. Increase housing supply for the low-income population
- ii. Recognize existing urban slum areas and mitigate their expansion in the future
- iii. Increase job opportunities for micro and small enterprises and unskilled labors, which will in turn provide income for their families to afford their own housing
- iv. Improve wealth creation and wealth distribution for the nation
- v. Promote savings (an objective recently emphasized in the past two years)

The IHDP program uses housing development programs as a way to initiate and promote urban development, including addressing urban poverty, unemployment, promote and build the capacity of the construction industry and promote micro and small-scale enterprises (MSEs).

PROGRAM DESIGN



Program Financing

Unlike other housing supply programs, financing for IHDP projects is fully administered by the Addis Ababa City Administration. Since the year 2006, the Housing Development Program Office (HDPO) established an agreement with the Commercial Bank of Ethiopia (CBE) to provide low interest mortgage loans to program beneficiaries. Therefore, while every condominium-housing owner is expected to make a down payment of 10%, 20% or 40% of the total housing cost prior to property transfer, CBE provides the mortgage loans at a lower than market interest rate to individuals upon unit transfer.

Subsidy

The IHDP project benefits from government subsidy in three major ways. First, the Addis Ababa City Administration subsidizes by providing urban land for the project. Second, AACAA subsidizes basic infrastructure costs related to roads, water, electricity and sewerage lines. Third, program administration cost is fully subsidized. Besides the aforementioned major subsidies, the program also enjoys tax-benefits. Last, the program introduces cross-subsidy among the different loan groups.

Cost and Affordability

The subsidies that IHDP benefits from allows the program to provide condominium housing units to beneficiary families at lower than market value. Nevertheless, despite the program's effort to deliver housing units at affordable prices, it still fails to cater to a majority of its target population. In addition, since the program was first implemented, condominium housing costs have surged between 200 and 300 percent.

PROGRAM IMPACT



Quality of Life

Beneficiary families that relocated from urban inner-city locations have repeatedly indicated that their quality of life has improved since they moved to their condominium units. Improved quality of life in this aspect relates to the provision

of proper living arrangements where families have space for living, dining and cooking.

Socio-Economic Impact

While the IHDP program has made unparalleled efforts to address the chronic housing supply shortage in the city, there are also several unintended or unforeseen impacts of the program. For low income families that deeply inter-depend on their social and economic fabrics for their daily-to-day survival, being uprooted from their social and economic connections causes strain in their lives.

Besides the social and economic impact of the IHDP program to beneficiary families, the program has impacted residents that previously resided on project locations. Despite efforts made to incorporate displaced families into the program, several families have failed to meet the criteria to qualify for it; hence, resulting in their displacement. Such circumstances recreate a cycle of poverty for some while providing opportunity for others.

Spatial Impact

In addition to economic and social impacts, the IHDP housing project have left a highly recognizable spatial footprint in the city of Addis Ababa. The massive nature of the condominium housing projects is arguable due to lack of integration into the existing urban fabric; hence creating stand-alone structures that impact the city's landscape.

Environmental Impact

Condominium housing units have significantly improved the quality of life of low-income residents that previously resided in inner city slums. However, because the concept of condominium housing living arrangement is new to many, beneficiary family report challenges of environmental pollution (caused by littering), noise pollution and surging crime rates.

Women and Families

53% of the beneficiary households from the IHDP project in Addis Ababa are female-headed households. Beyond access to decent and affordable housing, the project improves the quality of life of female residents in several ways. Particularly, improved quality of life that arises from the provision of proper sanitation and cooking spaces impacts the quality of life of beneficiary women in a significant way.

URBAN GOVERNANCE

Policy-making

IHDP's policy design process is highly centralized at the federal government level. The disconnect between policy-makers, program implementers and citizens creates a gap in initiating relevant policy decisions that cater to the needs of target groups.

Policy and Program Implementation

Policy and program implementation of the IHDP project involves several stakeholders at the federal level, the AACA, sub-city level and other governmental agencies. The program also partners with private enterprises at program technical design and implementation stages. Nevertheless, program implementation fails to leverage different inputs

from stakeholders including citizen and civil societies groups.

Process inclusiveness

While the implementation process of the IHDP program is highly decentralized, program design and decision-making remains highly centralized. The program has also failed to integrate stakeholder participation at all levels of the program process.

IMPLICATIONS FOR PUBLIC POLICY

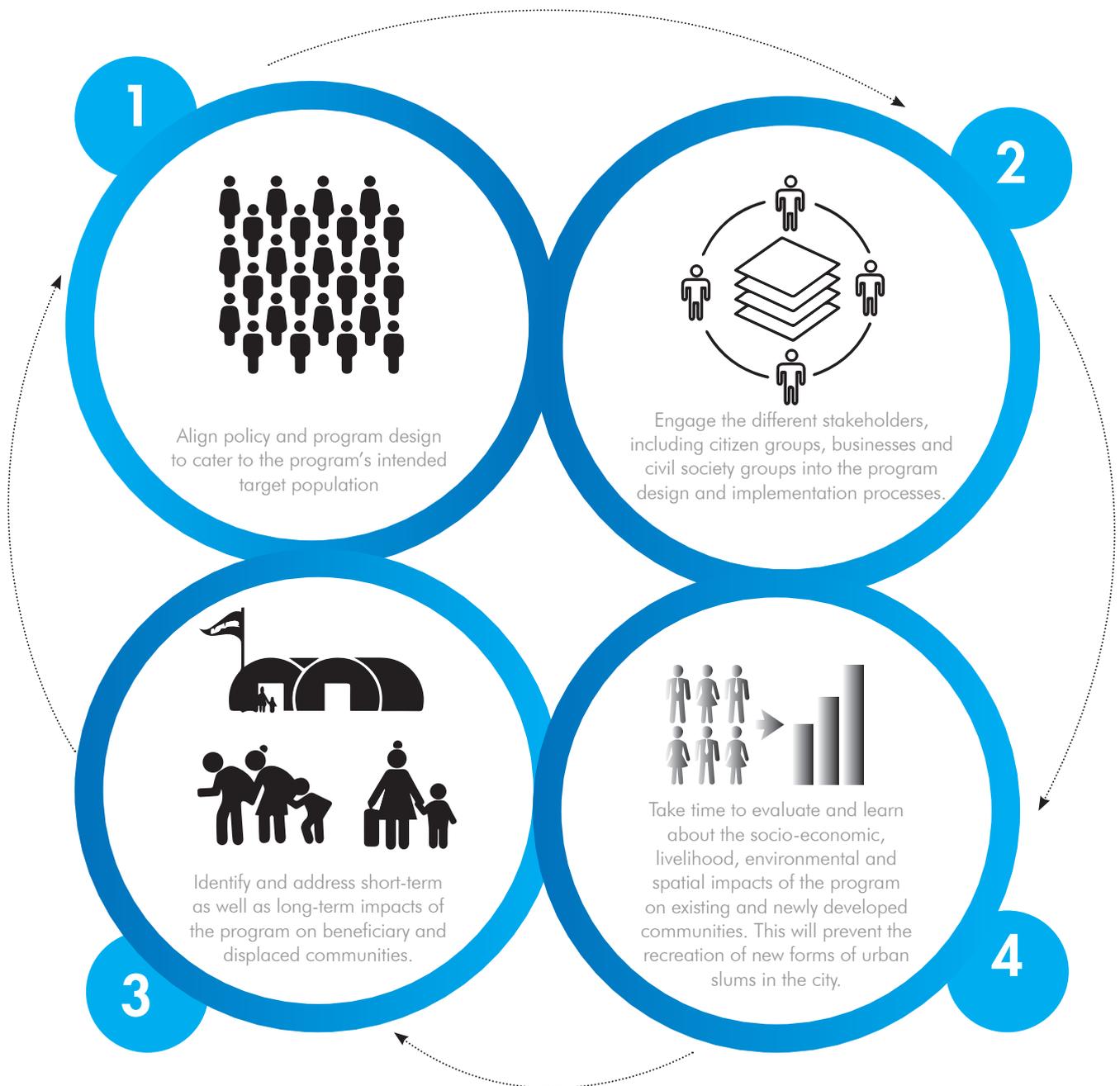
The study identifies four implications of the findings from this study to public policy. Table 1 below summarizes assessments of different aspects of the program process and proposes policy implications of the findings.

Table 1: Assessment of program processes and policy implication of findings

	Process Inclusiveness	Program Design	Program Implementation	Program Evaluation	Long Term Impact
Assessment	Highly-centralized policy-making and program design approach	Often program design does not involve target beneficiary groups	Decentralized implementation process Does not adequately integrate voices of impacted citizens, businesses and other groups	Lacks program evaluation as a learning tool to improve service delivery	Program has long term and lasting impact on the quality of life, socio-economic, environmental and spatial dimensions of the urban residents and physical spaces
Policy Implications	Incorporate voices of various stakeholders	Connect program design: technical, financial and administrative processes with the actual needs of target groups	There is a need to connect program implementation to what is really on the ground through stake holder participation	Requires stepping back to learn from strengths and mistakes to improve service	The program needs to invest time learning and assessing long-term impacts of the program to make necessary changes for future program design and implementation.

Recommendations

This study proposes four main recommendations that are linked to the policy implications discussed above:



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