

Housing Policy in Sri Lanka

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There have been several discussions of Sri Lanka's housing policy in recent years, and possible solutions to this problem are regularly heard from various quarters. Here the author attempts to formulate a broad framework for housing policy in Sri Lanka, and review existing policy in the light of this framework.

The basic reason for the housing problem is the lack of co-ordination between,

1. Economic planning and physical planning,
2. Physical planning and housing and
3. The insistence of standards far above the socio-economic demands of the population.

Thus the basic requirement of a housing policy is that it should fit into a physical plan, which itself is derived from the economic plan, which is based on the existing economic environment and reflects the socio-cultural demands of the population.

At the macro scale this could be considered broadly as urban, rural and estate, while at the regional scales the same basic divisions could be considered. At the micro scale specific urban, rural or estate areas could be considered.

An urban housing policy should be a three-pronged attack on the problem.

(1) The production of new houses in which the cost to the consumer are minimised so that he is able to pay for it with little or no subsidy.

This would include :

- (i) A locational policy based on a physical plan of the urban area, which itself is a reflection of the economic development plan.

(ii) The development of urban land for housing by the state sector in accordance with (1) above, by providing the necessary infrastructure.

(iii) The acceptance of realistic standards, the minimum which represent the aspirations of the lowest socio-economic groups.

(iv) Setting up institutions to finance house construction, both by the private and public sector.

(v) The choice of appropriate technology in the construction industry, depending on the economic situation.

(vi) The promotion of the use of local building materials and the development of the industry.

(2) The improvement of slum and shanty areas. This would include:

(a) The demarkation of action planning areas, based on 1.(i) above.

(b) The application of the policies 1 (ii), 1 (vi) above to improvement programmes within the action planning areas.

(3) The introduction of social legislation to ensure the achievement of a satisfied home-owning population, and promote social integration.

This would include:

- (i) Realistic rent control,
- (ii) Ceiling on housing property, and
- (iii) The provision of community, commercial, and recreational facilities, which may be treated as part of infrastructure development.

Rural housing policy needs to be simple and should include :

- (i) Planned development of villages.
- (ii) Development and application of techniques for improving existing traditional housing.

(iii) Development of financing institutions for financing improvement of traditional houses, rather than the construction of modern new houses.

Estate housing policy should be basically an improvement programme, based on the same principles as a slum improvement programme. However, finance for such programmes should come from diverting part of the estate profits into "housing improvement programmes". Standards chosen should be realistic and not idealistic, similar to the case of the urban sector.

Existing Housing Policy

Existing housing policy in Sri Lanka is not strictly by sector. It is a broad policy and includes:

(1) Low cost housing construction programmes by the public sector, which includes mainly high rise flats in urban areas, and low rise Aided Self-Help housing in semi-urban and rural areas. The units are between 250 to 450 sq. ft. in area.

(2) Middle Class housing construction programmes by the public sector which include high rise flats over 500 sq. ft. in area in large towns, and low rise houses in smaller towns.

(3) Loans to individuals at varying rates of interest for purchase of land, purchase of houses, construction of new houses, and the improvement and maintenance of existing houses.

Loans are given by public sector institutions such as the National Housing Department, the People's Bank, The Insurance Corporation of Sri Lanka, the Bank of Ceylon, the Public Services Mutual Provident Fund Association and others.

(4) Slum improvement programmes, carried out by the Common Amenities Board, and directed by the National Housing Department.

(5) Incentives to private developers.

(6) The implementation of social legislation which includes :

(i) Rent control.

(ii) Ceiling on housing property and

(iii) The protection of tenants.

(7) The development of the building materials industry, through the Building Materials Corporation.

A Review of Housing Policy

In the preceding sections a framework for housing policy in Sri Lanka has been established, and the existing policy set out.

Let us now review existing policy in the light of the framework set out, not with the objective of destructive criticism, but with the objective of suggesting improvements, that may help to lead to the ultimate goal of achieving a realistic solution to Sri Lanka's housing problem.

The basic requirement of a housing policy is that it should lie within the broad framework of a physical plan, and an economic plan. In Sri Lanka there is little or no linkage between these.

It therefore follows that the first requirement is to link economic planning with physical planning, so that the physical plan is a physical representation of the economic plan. In addition the plan should specify a time-schedule of investment and development, and indicate details such as housing standards, choice of technology in construction etc. This basic operation will result in co-ordinated development of the country at the National Scale, Regional Scale, and Local scale, provided the plan for each scale is approved by government, and proclaimed as law. Not only will housing be developed but it would enable the country as a whole, to proceed with its common objective of achieving the desired rate of growth, in the desired direction.

Once the above has been established detailed policy can be defined for the urban, rural and estate sectors. Detailed housing policy in Sri

Lanka tends to conform with the framework set out. However, there are shortcomings which are detailed below, and can be rectified.

Urban Housing Policy

The present housing policy assumes the free availability of developed urban land and does not conform to any planned location policy. This is not the fault of the housing policy makers, but as highlighted earlier the fault of not co-ordinating policy at the national scale. This would be automatically rectified if the co-ordination recommended is implemented.

The existing Building Regulations of this country are totally outdated and not aligned to the socio-economic demands of the population. The present policy adheres to the standards specified in these regulations. It is no wonder that the end product in terms of houses is totally unsuited to the population housed. It is time that a new set of regulations were framed that are suited to local conditions at this given point in time.

The physical end-product of the present policy is seen in terms of high rise flats in Colombo, and Aided Self-Help housing in semi-urban areas. (Life in these two different types have been described earlier in the Boxes) It is obvious that high rise flats are a failure from the social and economic point of view. The only argument for flats that would have held water is the saving of urban land, but this theory has been completely disproved in papers presented by me (see references at the end) which show that high rise high density leads to a much greater consumption of land in the end, than medium net densities of about 180 persons per acre, which could be achieved with two floor construction.

The present housing policy has amply covered the social aspects through the present regulatory laws.

An implementation of the Ceiling on Housing Property Law has now lead to the possibility of achieving slum improvement programmes. This however is insufficient, and the programme should be coupled with urban community development

programme aimed at raising the socio-economic levels of the population, together with improving their physical living environment.

A major proportion of investment in urban housing is by the private individual, who generally obtains a loan for the purpose. As mentioned earlier many potential investors are not able to build houses due to the lack of finance through financing institutions. What therefore is needed is a housing bank, similar to the one set up in Brazil, where the problem of mortgaging land is overcome by the system of mortgage insurance. Further the bank should extend credit not only for the construction of modern houses, but also for traditional houses, purchase of land, maintenance etc. Loans for the purpose of purchasing existing houses should be limited since the objective is to increase the stock with the limited resources available.

The financing of infrastructure development, and community development, programmes should be a matter for the local authorities, who can utilise the resources obtained from property taxes. This principal should be applicable to the development of new residential areas, as well as improving existing slum areas.

Public sector housing programmes could be financed through the proposed bank, and by direct government grant for the lowest income groups as at present. The improvement of slum houses should be by direct government grant, since the occupants belong to the lowest income group.

Rural Housing Policy

At present the general housing policy is applied to the rural sector.

A major setback to the development of rural housing is the non-availability of credit facilities for the construction of traditional houses. Loans are generally limited to the construction of modern houses. If the recommendation to set up a housing bank is implemented, with facilities to finance traditional housing, the labour and finance now used for the construction of temporary structures, together with the credit facility

available will flow into the construction of a more permanent form of traditional house.

In this particular area also, the lack of co-ordination between physical planning and housing exists. This has resulted in a certain uncertainty of investment, and hence if the rural housing problem is to be solved it must be tied up with rural physical planning, which would be a reflection of the economic plan for the area.

Estate Housing Policy

No definite policy exists for this sector, and as stated earlier, the policy should be one of improvement, financed by profits from the estate sector, and should preferably be on an Aided Self-Help basis using the traditional building techniques of the sector.

Conclusion

To sum up the findings of our studies and propose a set of recommendations which if implemented could help achieve a speedier solution to Sri Lanka's housing problem, the following were the major conclusions reached:

- (1) That Sri Lanka's housing problem is mainly an urban one.
- (2) The basic cause of Sri Lanka's housing problem is due to a lack of co-ordination between economic planning, physical planning and planning for housing, together with the non-acceptance of traditional housing as a suitable form of house.

REFERENCES

1. For a full discussion on the definition of a housing problem see Joachim M.E., "Public sector investment in the direct development of urban housing in Sri Lanka". Ph.D. Thesis, University of Edinburgh, Oct. 1973, pages 9-19.
2. Joachim, M. E., "A model for estimating and projecting the household demand of an urban area in Ceylon". Dissertation. Edinburgh, June, 1970.

SOUTH ASIAN HOUSING MINISTERS' CONFERENCE 1975

Sri Lanka took the initiative to communicate with Afghanistan, Bangladesh, Burma, India, Iran, Maldives, Nepal and Pakistan for the proposal of holding periodical conferences of the Housing Ministers of the countries in the South Asian region. The response was unanimous and Sri Lanka was selected as the venue for the first conference.

This inaugural conference held in Colombo in May, 1975, where Bangladesh, India, Nepal, Pakistan and Sri Lanka participated and has helped to exchange experiences on how the housing problem is being tackled in these countries and in addition it has helped to strengthen the concept of regional co-operation.

A very wide range of aspects of housing were discussed at this conference and the Housing Ministers of these countries agreed that:

- * Many similarities exist in regard to the problems of housing in the countries of the region,
- * Many commonalities exist in the housing policies which individual governments of the region had independently evolved and also in the methods adopted and the institutions set up for promoting housing development,
- * Housing could be used as an instrument to stimulate economic growth and improve the quality of life of the masses of the people in the region where a vast number of the world's poor live,
- * Highest priority should be given to the needs of the lower income group in the allocation of resources for housing,
- * It is important to continue the dialogue initiated at the Colombo meeting and regular discussions at all levels of any problems related to housing should be taken up with mutual benefits.

- * Housing is a valuable field for promoting mutual consultation and co-operation among the countries of the region,

- (3) That investment in housing has been classified as a social overhead only, while if the correct type of technology is chosen for housing construction, the growth rate and employment produced would classify it as an economic investment. The former classification has led to a lack of resources for investment in housing.

In view of the above it is recommended that :

- (1) Housing policy and hence planning for housing should be

an integral part of socio-economic planning (recognising housing as an economic investment) and physical planning at all levels and for all sectors. The resulting development plans should be accepted as law.

- (2) Acceptable standards should be based on the socio-economic levels of the population, the minimum representing the demand of the lowest socio-economic group.

- (3) A National Housing Bank be set up for the financing the purchase of land, and construction and maintenance of houses, while housing for the lowest socio-economic groups should be by direct government grant.

- (4) Local authorities be forced to develop the infrastructure of land for new housing, and within existing slums, using the rates and taxes obtained from the area.

- (5) There should be greater co-operation within the countries of the South Asian region in solving their housing problems. (See Box above).