

# LINKING EVIDENCE to POLICY

## Policy Brief The Integrated Housing Development Program: Identifying Strengths and Gaps

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**The Problem:** The city of Addis Ababa, the leading urbanizing city in the country, inhabits nearly 20 percent of the total urban population in the country (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 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. While these number shows the housing supply shortage in the city, existing housing infrastructure are also characterized by poor and oftentimes at 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 condition in the city. First, is lack of access to affordable land and the widely practiced market-oriented land management system (Tsfaye 2007). Besides poor land management practices, lack of diversified housing delivery system; the absence of 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 to affordable housing has driven fast growing informal and squatter settlements in the city.

**The Integrated Housing Development Program:** with the effort to address the housing demand gap in the early 2000, government interjected as one of the lead housing supplier. The IHDP project is unique for the reasons that it aimed 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 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. In the last two years, the program has also emphasized on savings as one of its core objectives.

The IHDP program uses housing development program 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 Enterprises (MSEs).

## PROGRAM DESIGN

**Program Financing:** Unlike any 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 benefits from tax-benefits. Last, also the program introduces cross-subsidy among the different loan groups.

**Cost and Affordability:** because of the subsidies that IHDP benefits from, the program is able 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 relocate from urban inner-city locations repeatedly indicate 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 effort 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 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 has left a highly recognizable spatial footprint in the city of Addis Ababa. The massive nature of the condominium housing projects is argued to lack integration into the existing urban fabric. Hence, creating stand along 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. Hence, 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 to be highly centralized. Nevertheless, the program has 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

	<b>Process Inclusiveness</b>	<b>Program Design</b>	<b>Program Implementation</b>	<b>Program Evaluation</b>	<b>Long Term Impact</b>
<b>Assessment</b>	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
<b>Policy Implications</b>	Incorporate voices of various stakeholders	Connect program design: technical, financial and administrative processes with the actual needs of target groups	Needs connecting 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:

1. First, aligning policy and program design to cater to the program intended target population;
2. Second, engage the different stakeholders, including citizen groups, businesses and civil society groups into the program design and implementation processes.
3. Third, identify and address short term as well as long term impacts of the program on beneficiary and displaced communities.
4. Fourth, take time to evaluate and learn from socio-economic, livelihood, environmental and spatial impacts of the program on existing and newly developed communities. This will prevent from recreating new forms of urban slums in the city.

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**Bio:** Sebawit G. Bishu is an assistant professor at the University of Colorado Denver, School of Public Affairs (SPA). Her research interests are on equal employment opportunity and diversity issues in human resource management in the public sector, gender and representation in public organizations and social justice and equity issues in urban transformation.