

Concept of Housing Affordability over the World

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Abstract

Affordable and safe housing is important to the well-being and health of families. Without adequate housing, families have trouble managing their daily lives. Low-income families may not have enough money to cover other vital needs, such as food, utilities, or health-related expenses if housing costs are too high. Many Countries are dealing with the problem of affordable housing all over the world. This problem need to be solved as early as possible and this only can be done through effective housing policies. This Study mainly focus on analyzing the housing affordability concept and situation in various Country and their strategy, policy, action that are taken to solve problem of affordable housing.

Introduction

Housing refers to houses or buildings collectively, accommodation of people, planning or provision of accommodation by an authority and related meanings. Housing has several functions for society and individuals such as besides being a shelter, it provides protection and private space for its users, a social space for the households and a space where social relations with the society are continuously reproduced. Housing is defined as a human right. Housing affordability is not simply a matter of housing costs and household income levels. It is also about a household's ability to obtain housing and then to retain it. It is important that households have sufficient residual income to purchase other necessities after paying their housing costs (Chowdhury, 2013). Housing is considered to be affordable if expenditure relative to income is reasonable or moderate (Kalugina, 2016). Nowadays Housing Affordability is an important term all over the country Various Countries have various concept and situation on housing affordability and maximum countries are facing severe problem of this. It is necessary to understand the problem and solve it. Countries are now dealing with this problem through adopting housing policies and various steps. This study is mainly for exploring the concept of affordable housing over the world and the countries policies to solve this problem. The more successful affordable housing programs around the globe are in Singapore, Viena, Hong Kong etc.

Objective of the Study

The overall objective of the study is to explore and analyze the housing affordability concept and situation in various Country.

Methodology

The methodology describes the procedures to organize the scattered ideas and views to conduct information are interpreted. In this study for exploring the concept, policy and situation of housing affordability throughout the world, secondary data are used and analyzed.

International Perspective on Housing Affordability

Affordability with regard to land and housing markets is one of the most debated issues within both developed and developing countries. This issue has gained much importance in the relevant policies and regulations and consequently topped the national housing policy agendas.

Housing Affordability in Developed Countries

The Western developed countries like the UK, Australia, Canada and New Zealand have defined affordable housing and housing affordability with reference to the specific country context and have also formulated the necessary policy framework for ensuring an adequate supply of affordable housing for different income groups.

The generally accepted definition in the US is the households have to pay no more than 30 percent of its annual income on housing and costs include rent and utilities .San Francisco and New York are two cities that face the largest affordable housing challenges. Boulder and Austin are two cities that have been relatively successful at implementing affordable housing programs. Although San Francisco has some of the most sophisticated and experienced affordable housing providers, the city faces a number of substantial affordable housing challenges. The primary goals of the San Francisco Housing Authority's Five-Year Plan include expanding the supply of affordable housing, improving the quality of assisted housing, increasing assisted housing choices, and providing improved living conditions and equal opportunities for affordable housing occupants. New York City is not only the biggest city in the United States by population, but also the city with the biggest affordable housing crisis in the nation. Demand for affordable housing has been outpacing supply as real wage growth in the city is not keeping pace with increasing housing prices and rents. San Francisco is ahead of New York City in terms of reformed zoning codes to ensure easier administrative processes for developers (Kalugina, 2016).

In United Kingdom Affordable housing is non-market housing provided to those whose needs are not met by the market. It can include social-rented and intermediate housing, for example shared equity, and should normally meet the needs of current and future eligible households. Various housing affordability policy and initiatives had taken to solve affordability problems over time. Town and Country Planning Act 1990, Right to Buy Policy, 1980 are the major policy regarding affordable housing in UK. National Affordable Homes Programme, Planning Policy Guidance Note 3: Housing,1992, Circular 6/98: Planning and Affordable Housing,1998, The Housing Green Paper, 2000 , Help to Buy: equity loan 2013, Help to Buy: mortgage guarantee scheme (closed), 2013, Community led housing in London (2019-2020) etc. are the major initiatives taken over time in UK (Chowdhury, 2013).

In Canada, a household is said to be in housing need due to affordability problems if it spends more than 30 percent of its income on housing and its income falls below the norm rent income required to rent an average dwelling which is suitable and adequate for that household's purpose. Specific planning policies for affordable housing are predominantly found in two Canadian provinces - British Columbia and Ontario. National housing legislation, the Dominion Housing Act of 1935, National Housing Act (NHA) 1938, National Housing Strategy, 2012, Affordable Housing Initiative (2001–2011), Affordable Housing Framework (2011–2014) are the most significant initiatives that are taken in Canada for solving affordable housing problem (Yates, 2007).

In Australia, households are seen to be in housing stress if they are within the bottom 40 percent of the income distribution and paying more than 20, 25 or 30 percent of their income on housing. Australia currently has no formal national housing minister, department or policy. Housing affordability is a large and widespread problem in Australia. Causes of affordability problems are complex and diverse. Major driving factors can be found both within the housing system and beyond it. Council of Australian Governments (COAG) identified housing affordability as a pressing issue for Australians and has agreed that Governments would work together under the A\$1.3 billion annual National Affordable Housing Agreement to improve housing affordability and reduce homelessness and indigenous housing disadvantage. National Partnership Agreements on homelessness, social housing and remote Indigenous housing complement the National Affordable Housing Agreement (Chowdhury, 2013).

Housing affordability in Context of Developing Countries

The housing markets in cities of developing countries are characterized by the absence of the concept of affordable housing and by the domination of the informal housing supply because of the deficiencies of affordable housing in the formal housing market. High house-price-to-income ratio is a very common characteristic of housing markets in developing countries. Housing stocks are dominated by rental tenant units and in many developing country cities, two-thirds or more of the housing stock is rental whereas roughly 40 percent of the world's urban dwellers are renters. During the 1970s, many developing countries launched sites-and-service schemes and self-help housing projects; however, these programs also failed to make a substantial impact due to the problems of cost recovery and affordability (Aksoy, 2016).

In China, affordable housing is the housing which has the policy support and financial subsidy from the government, follows the particular construction standard designed by government, fixed dwelling size and selling price, available to low-income applicants with the national security subsidy. China has a comprehensive policy in providing affordable housing to its middle- and lower-middle-income groups. The affordable housing policies in China are similar as the most of the countries in the world based on the national welfare and homeownership components (Lui, 2010).

The Ministry of Housing of India estimated a housing shortage of 18.78 million houses during the 12th plan period, with 99 percent in the economically weaker and lower income groups. The demand drivers for AH in India are several. The Government of India has taken up various initiatives for developing properties in low cost and affordable segment. They have also looked at PPP model for development of these properties. Affordable housing policy, 2013 by Government of Haryana, Integrated Housing & Slum Development Program (IHSDP), Affordable Housing in Partnership, Group Housing Projects are the major initiatives regarding housing (Chowdhury, 2013).

Successful Affordable Housing in Context of Asian Developed Countries

Among the Asian developed countries there are several examples of successful housing programs. Singapore and Hong Kong are two of the most successful countries with a significant level of government intervention in the housing market.

Hong Kong has one of the highest house-price-to-income ratios of the world; however, due to efficient public sector programs, the lower-income people are not affected much. The universal access to adequate housing has been more or less achieved in Hong Kong through a range of policy interventions (UN-HABITAT, 2011). The Hong Kong government operates its housing programs through two of its agents namely the Housing Authority and the Housing Society. There are three stages in Hong Kong Public Housing development process. First stage starts from 1950 to 1970, in this period Hong Kong government functions were dealing with the large number of immigrants and set a mass of housing program for the low-income residents. Second stage started from 1970s, this period is the turning point of Hong Kong Public Housing development. And the third stage can be considered to be the development result of second stage in the late of 1970s. The government took full implementation of the 'Home Ownership Scheme' to speed up the public housing construction schedule (Chowdhury, 2013).

Among many other developed countries Singapore has an exceptionally large and successful public-housing program and is characterized by a high rate of homeownership. The homeownership rate is 93 percent (about 85 percent for the public flat residents). Initially the government aimed at providing low cost public rental housing to the slum dwellers during the late 1950s and in 1964 the government shifted to active promotion of homeownership among the lower-middle income groups through the "Homeownership for the people" scheme. Since then, the government has aimed at full homeownership for public housing residents. The government controls the land, the production and allocation mechanism as well as the housing finance. Private sector housing exists in Singapore but it is small. Singapore is a newly industrialized country with the famous nickname of garden city. The truth is housing situation in Singapore that 'More than 80% of Singapore's population lived in HDB flats, with 95% of them owning their HDB flat'. The Public Housing Scheme of Singapore is one of the most successful examples of affordable housing production in the world. Singapore's housing policy is heavily state-dominated, and is focused on catering for the housing needs of its citizens, while in Hong Kong,

housing policy has been a very large extent dictated by residential property market fluctuations (Yuen, 2006).

National Perspective on Housing Affordability

Dhaka is now growing at an unprecedented rate accommodating more than 600,000 people per year. About 65% of the Dhaka's population is due to migration. At this rate of migration, it is assumed that every year more than 120,000 dwelling units will be required to house the growing population. The rapid growth of Dhaka's population has also led to greater demand for housing units including land for housing. But the pattern of land ownership in Dhaka is highly skewed. More than 56% households have no land in the city. With a faster urbanization with limited expansion of urban space in a given geographical entity, more and more households tend to live in rented accommodations as possibilities of self-owned accommodations shrink. Apart from providing shelter, for most people affordable housing is the foundation for life's opportunities and a doorway to success. But many households are finding this difficult with the problem most acute amongst those on low-to-moderate incomes. Housing is a key factor in making Dhaka Metropolis a sustainable, affordable, livable and equitable city. In Dhaka there are Very high demand for housing, vibrant real estate market with existence of a large number of developers, and existence of a National Housing Policy that sets a direction for the sector. Besides these strengths of Housing, there are many weakness such as Scarcity of buildable land for affordable housing projects, Absence of initiatives for directing real-estate development towards existing urban agglomerations outside core city of Dhaka, Weak control over private developers engaged in land development and building construction rules, Hassle and delay in approval of building plans by relevant authority, Lack of capacity of public agencies such as RAJUK, NHA, HBRI, etc. To solve the housing affordability problems it is necessary to increase housing supply, economic use of housing land, to develop housing with easy access, to increase low and medium income housing supply, to ensure development of healthy and livable neighborhood and more importantly sustainable housing policy.

Conclusion

Housing affordability has been a major topic of interest both for researchers and policy makers in many countries. It's a growing crisis for urban areas with constrained housing market. Policymakers and planners should understand the benefits of well-designed affordable housing programs. Such programs are important now more than ever, as housing affordability has worsened significantly in recent years. Affordable housing is important because the demand is so great to have quality communities where people can live and enjoy life free from deprivation of basic human needs. Concept and situation of affordable housing varies from country to country. To solve the Housing affordability problems, it's necessary to develop housing policies more effectively and efficiently because this problem can be solved through sustainable and proper housing policies.

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