

# Low Cost at a High Price

## Financial, Spatial and Social Inclusion Challenged by Individual Home-Ownership and Standardised Housing Blocks

Sascha Delz

### Niedrigkosten zum hohen Preis – privates Hauseigentum und standardisierte Wohnblöcke als Hindernisse für eine Überwindung der sozialräumlichen und finanziellen Ungleichheiten

*Vor dem Hintergrund einer langanhaltenden Wohnungsnot, einer schnell wachsenden urbanen Bevölkerung und einer weitgehenden Verwahrlosung der bestehenden Bausubstanz startete die äthiopische Regierung zu Beginn des neuen Jahrtausends das bisher größte soziale Wohnungsbauprojekt des Landes. Das «Integrated Housing Development Programme» (IHDP) wurde in Zusammenarbeit mit der Deutschen Gesellschaft für Technische Zusammenarbeit (GTZ – heute Deutsche Gesellschaft für Internationale Zusammenarbeit GIZ) konzipiert und sollte nicht nur der einkommensschwachen Bevölkerung adäquaten Wohnraum zur Verfügung stellen, sondern gleichzeitig Addis Abebas Trend zur Suburbanisierung entgegenwirken. Zwischen 2004 und 2010 wurden von den ursprünglich geplanten 150.000 bis 200.000 Wohneinheiten rund 80.000 Wohnungen gebaut. Während dies im Kontext von Äthiopiens Sozialwohnungsgeschichte ein enormer quantitativer Erfolg ist, hat die Umsetzung des Programms auf qualitativer Ebene eine Vielzahl problematischer Entwicklungen hervorgebracht. Der folgende Text fokussiert auf zwei Grundpfeiler des Wohnungsprogramms – Schaffung von privatem Wohneigentum über Hypotheken und Bau standardisierter Wohnblöcke – und beschreibt, wie die rigide Kombination und Verwendung dieser zwei Prinzipien dazu beigetragen hat, räumliche, finanzielle und soziale Probleme zu verschärfen. Entsprechend wird die Inflexibilität des finanziellen und räumlichen Systems kritisiert und für ein offeneres, kontextspezifischeres Model für zukünftige Planungsphasen – oder bei neuen Wohnbauprogrammen – plädiert.*

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On a demographic level, an average annual growth of over 3% has almost doubled the capital's population to approximately 3.4 million from 1990 to 2010.

**Figure 1:** Typical dwelling structures in Addis Ababa. Source: Author, 2008

Like many cities in developing and emerging nations, Ethiopia's capital Addis Ababa has experienced massive transformations during the past decades. While demographic factors such as rural-urban migration or general population growth have put Addis Ababa at the top of urban-growth rankings, the city's physical environment has been strongly shaped by the emblematic typology that usually shelters increasing numbers of mainly poor inhabitants in such contexts: the one-storied, mainly self-built, precarious housing unit (UN-Habitat 2008: 169, World Bank 2011).<sup>1</sup> [Figure 1]

Indeed, housing surveys from the early 2000s identified over 95% of the total housing units as single-story shelters, showing substantial deficits regarding sanitation, cooking, and personal hygiene facilities, while almost 60% of the units within the city centre were classified as dilapidated and thus in need of substantial upgrading or total replacement (ORAAMP 2000: 5, ORAAMP 2001: 18). The surveys also identified an existing housing backlog and a future housing demand: by 2000, the city had accumulated a housing backlog of 233,000 units and would be in need of an additional 223,000 housing units by 2010 (ORAAMP 2001: 18, 23). Faced with these issues, the Ethiopian government began to reconsider past and existing housing policies and eventually introduced the country's largest and most ambitious social housing scheme to date: collaborating with the German Technical Cooperation (GTZ), the administration launched the Addis Ababa Grand Housing Programme (AAGHP) in 2004, and extended it to the Integrated Housing Development Programme (IHDP) in 2006.

As the term "integrated" implies, the IHDP's intent was to install both a comprehensive and inclusive system of housing production "that involves a combination of government financing and construction of housing in large and medium-sized cities targeted at middle and low-income households" (FDRE 2006: 163). Mainly setup in Addis Ababa, the IHDP declared ambitious "five-year goals" for the period between 2004 and 2008. Apart from a reduction of so-called slum dwellings by 50%, the programme planned to build 150,000 to 200,000 housing units, create 60,000 jobs, supply the basis for 2000 micro and small enterprises



(MSEs), reorganise the existing training procedures for the domestic construction sector, raise ETB 5 billion (USD 573 million) for initial housing construction, develop 1200 hectares of land, and therefore “build an institutional capacity” that can oversee and implement an annual output of 50,000 housing units in the long run (GTZ et al. 2006: 67-68). The correspondingly developed housing block typologies have since been built all over the city’s territory. [Figure 2]

In order to adequately introduce such an amount of building mass, the housing programme also demanded that the “provision of large-scale housing should focus on conducive housing within conducive neighbourhoods (...)” (GTZ et al. 2006: 54). However, as will be discussed in the following, the objectives to produce conducive neighbourhoods and housing, as well as to provide affordable and adequate shelter for the low-income population, fell short in many instances. In fact, many of the reasons for these deficits can be found at the very core of the IHDP’s conception: driven by a particular notion of cultural development, and built on a rather rigid system of standardised housing blocks and individual home-ownership, the IHDP neglected many essential aspects that could contribute to spatial qualities, social adaptation, and basic economic integration.

### Finance-related challenges

While the IHDP was expected to provide adequate shelter, create job opportunities, and strengthen local businesses,

the “integrated” approach promised a far greater achievement for the whole of society. Seeking comprehensive poverty reduction, the programme should “enable low-income residents to become house owners and thereby ensure fair distribution of income, and create [a] conducive environment for development” (GTZ et al. 2006: 67-68). In other words, the housing scheme based on **individual home-ownership** was conceived as a mechanism that creates a more inclusive urban environment, both on a spatial and a socio-economic level (UN-Habitat 2011: 17).<sup>2</sup> The introduction of individual home-ownership at such a large scale signified a radical departure from long-established habits and practices. Depicting a typical ratio for low-income countries, nearly two-thirds of Addis Ababa’s citizens were still tenants as of 2007 (CSA 2007: 161). Yet, in spite of the manifold reasons that underline such tenancy patterns, the IHDP opted for a system of individually owned condominium units. In doing so, the programme followed the perpetually and globally promoted “*assumption (...) that home-ownership represents the ‘natural’ tenure (...)*” regardless of economic, social, or cultural context (Gilbert 2008: i).

Even though Ethiopia’s land policy does not allow private ownership of land, adopting this tenure system has triggered an overall **privatisation process** of housing property (CSA 2007: 161).<sup>3</sup> In essence, the IHDP creates an “indirect privatisation”: targeting the most precarious, publicly owned housing stock, the housing programme forces dwellers to either acquire the provided private property, or

**2** To allow this envisioned widespread rate of ownership, the government negotiated a financial agreement with the state-owned Commercial Bank of Ethiopia (CBE): by issuing state bonds to the CBE, the government used the received funds to commission local companies to build the housing units in advance. At the same time, the CBE agreed to provide subsidised mortgages to the future unit owners.

**3** According to the 2007 census of the CSA, 61.3% of citizens were living in some form of rental housing, while 32.6% of the units were owner-occupied. By mainly targeting to replace the 23.6% state-owned housing units, a full implementation of the IHDP would theoretically boost home-ownership to over 50%.



**Figure 2:** IHDP sites in Addis Ababa as of 2010. Source: EiABC Master Plan Evaluation – Housing Component, 2010. Colour adjustments by author



**Figure 3:** Building types and typical floor plan for the Bole-Gerji pilot project. Source: Construction Ahead, 2005

to leave their neighbourhood (Yitbarek 2009: 944). By these terms, the programme does not directly evict low-income residents, but – through the imposed model of privatised ownership – indirectly favours middle and upper middle-class citizens who can afford the respective payments.

Related to these processes of privatisation through mortgages, the general **affordability** of condominium units has been one of the most apparent challenges for the originally targeted middle and low-income groups. The beneficiaries' limited budgets have been contested on two main levels: the initial capital needed for the down payment (related to the selling price), and the recurring costs for interest rates and monthly services such as electricity, water, or waste management. Assuming that an individual has won a unit title through the official lottery draw, the financial pressure starts immediately: residents have to claim the condominium and provide their down payment within one month after their win (UN-Habitat 2011: 27). Two surveys – conducted for seven sites of Bole subcity and two sites of Yeka and Kolfe subcities, respectively – come to congruent results, when investigating the source of the beneficiaries' funds: only about 30% of the beneficiaries were able to provide the full amount from their own savings (Abate 2011: 57, Tefera 2011: 52). Aware of the rather narrow budgets of prospective beneficiaries – who might not have enough savings for the initial down payment – the IHDP suggests additional sources of capital. First, it sees potential in housing finance via micro-finance institutions (MFIs). Although "there is not much experience available worldwide on MFIs going into housing finance", it is seen as a valid option, if the MFI product can provide a "stand-alone housing micro-finance service" (Erlbeck and Trosse 2006: 47).

Connected to the mostly unstable income, a further source implied are relatives, because "many city residents are assumed to receive money from family and friends living abroad" (GTZ et al. 2006: 84). The data collected by the two surveys confirm the use of such additional funds: both surveys conclude that external sources account for 67% to 69% of the beneficiaries' financial means. From these numbers, and depending on the different categorisations of capital sources, the surveys identify the ratio of debt-financed sources as between 32% and 46%, respectively.

Again, these numbers are all related to the initial down payment, which means that in the case of these surveys, over 32% of the beneficiaries – presumably from the lowest end of income and savings – get into debt with an additional microcredit to get access to the larger credit, the mortgage, and thus end up with a twofold **indebtedness** (Abate 2011: 56-58, Tefera 2011: 52). In addition to the resulting interest-related payments to the creditors, the beneficiaries are often confronted with higher rates of monthly service costs than they were used to in their previous housing units (UN-Habitat 2011: 40). The combination of these debt-related issues with a fairly limited income has resulted in a rather tight financial setup for the majority of the targeted citizens, or has excluded many households from participating in the housing programme at all.

### Space-related challenges

On an abstract level, these financial restraints have had a direct influence on the spatial performance of the housing programme. Confronted with financial insecurities, many beneficiaries from the low-income group have rented out their units to more affluent citizens – mostly from the middle class. In turn, the unit owners either have never moved out of their original dwelling, or have returned to another precarious housing unit (Gebre-Egziabher 2010, Tefera 2011: 53, UN-Habitat 2011: 38-40). While this development has created partial steady incomes for the new landlords, it has had the opposite effect on both the intended spatial densification and the envisioned improvements of dwelling standards for low-income citizens. If, in such cases, the precarious dwelling and the new condominium site are not in close proximity, this occurrence has not only produced a deflection of initial problems, but has also induced indirect relocation mechanisms as well as segregating effects.

On a more direct level, the model of individual home-ownership has also had a crucial influence on the corresponding housing designs, and, from an architectural as well as urban design perspective, has produced disputable spatial results at the unit, building, neighbourhood, and urban scale. The established mortgage systems' need of a ready-made and **standardised housing unit** as collateral is directly linked to distinct conditions for housing standards



and materiality. In the IHDP's case, the compliance to financial provisions of the mortgage bank has resulted in a housing typology that neither offers any incremental or intermediate stages of construction, nor allows the introduction of alternative material choices. As a social-housing programme, the units are obviously planned within minimal spatial constraints. However, the conception that all units are built with fixed room divisions seems to be a fairly limiting measure. Despite of the potential adaptability that the chosen structural grid could allow, there is no room for the beneficiaries to

configure the units more flexibly; the strict subjection of room numbers to apartment sizes and income groups deploys axiomatic rules on the units' layouts. [Figure 3]

From the architectural perspective, the rectangular, stand-alone buildings create two main distinct conditions: the street facade is fairly sealed on the upper levels but can be opened for commercial uses on the ground floor, while the back facade's open staircases and access balconies create a permeability for immediate outdoor activities. [Figure 4]



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◀ **Figure 4:** Shop fronts, various IHDP sites. Source: Author, 2011



►  
**Figure 5:** Storage, cooking and laundry activities, various IHDP sites. Source: Author, 2011



As it turns out, these zones are almost completely appropriated by daily undertakings such as laundry, cooking, and drying spices, or are used as improvised storage spaces. Thus, the lack of suitable or well-defined additional areas for such activities contributes to cramped and often non-functional immediate outdoor spaces. [Figure 5]

At the neighbourhood scale, the given housing-block typology stimulates a design strategy that can be called

**compound design.** Due to the resulting lack of spatial integration into the immediate urban environment, this strategy usually creates morphologically and programmatically disconnected "urban islands". [Figure 6] One of the main spatial deficits caused by this circumstance is the large amount of undefined and neglected areas both within the neighbourhoods and at the neighbourhoods' margins. In the context of a city like Addis Ababa, where a substantial amount of social, cultural, and economic

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activities take place on the ground floor and street level, this spatial feature clearly misses a crucial opportunity to provide adequate room for such activities. What the compound design strategy entails for the internal arrangement of neighbourhoods can be translated to the urban scale as well. Due to failed strategies to allocate substantial areas within the existing city fabric, a large number of planned units have been merged into peripheral, large-scale sites. Reminding of **satellite towns**, the compound design creates a spatial assemblage of disconnected autonomous neighbourhoods that are often hardly, or poorly, connected to the city centre via public transport. [Figure 7] The IHDP has thus created a situation where not a neighbourhood design defines the volumetric expressions of buildings, squares and streetscapes, but, on the contrary, the arrangement of stand-alone housing blocks determines how the urban design is organised. As a consequence, urban design's potential ability to create, sustain, and induce spatial qualities beyond mere building standards has been strongly contested and has clearly failed the programme's official directive to create "conductive" housing and neighbourhood designs.

### Culture-related challenges

As indicated above, and in addition to the financial issues, the newly applied condominium lifestyle has also been confronted with long-lasting, local living and housing cultures. Similar to the financial difficulties, many of the emerging challenges regarding daily life and activities within the IHDP sites are directly related to the housing and neighbourhood typologies. The described appropriations of outdoor spaces, for instance, are also linked to the residents' general difficulties to adapt to fixed,



▲ **Figure 6:** Compound design resulting in urban islands. Source: Author, 2010

multi-storeyed buildings. This is not only based on frequent reservations regarding living at certain heights, but is also due to the crucial daily activities directly related to the ground floor: a part of many households' supplemental income, for example, is the preparation and sale of the traditional *injera* bread – an indispensable part of the daily Ethiopian diet (UN-Habitat 2011: 43). This activity is usually dependent on walk-in customers and thus access to the ground floor. Laundry, still predominantly done by hand, represents another area of adjustment. Formerly done on the ground floor in front of the dwelling, the inhabitants

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◀ **Figure 7:** Peripheral IHDP satellite towns. Source: Google Earth / Digital Globe, 2014

► **Figure 8:** Immediate outdoor space appropriated for cooking, laundry, storage and satellite dishes. Source: Author, 2011



► **Figure 9:** Stand-alone housing blocks and neglected outdoor spaces. Source: Author, 2011



have often continued the same custom in the condominium blocks by expanding their laundry activities to the access balconies. Comparably, the provision of classic “modern” kitchens usually falls short of providing a daily living environment needed by most low-income households and has, in this case, resulted in traditional cooking activities on the access balconies. [Figure 8]

Looking at such cultural adaptations and perceptions caused by new living conditions, the housing blocks and neighbourhoods have received mixed reactions from the various inhabitants. While many of the low-income beneficiaries struggle with the shift towards more-fixed apartment layouts and arrangements, members of the middle class seem to embrace a wider set of the IHDP’s provisions. For this demographic group, the condominium units are a substantial step towards a more independent and modern life. A survey on the Bole-Gerji site for example, found that the aspects of home-ownership, safe living environment, access to sanitary facilities, and larger living units are seen as the main improvements (Lohnert and Fein 2006: 122). However, stepping outside of the privatised area of the individual apartments, the management and **maintenance of communal elements** have become a challenging task in many IHDP neighbourhoods. Here, adjustments of living habits are mostly related to the new spatial proximity – which asks for new kinds of neighbourly arrangements – and the emerging need of communal organisation related to maintenance of both the ownership-based condominium blocks and the outdoor spaces. Within this realm, issues of sound emissions by immediate neighbours, disputes about storage spaces, unsystematic waste management, the lack of overall maintenance of housing blocks, and unclear responsibilities regarding communal facilities and open spaces have caused frictions among many inhabitants (Lohnert and

Fein 2006: 120-122, UN-Habitat 2011: 43-44). Thus, apart from the rather visible issues that directly emerge from the housing typology’s spatial configurations, the condominium blocks and neighbourhoods seem to have an intrinsic conceptual deficit regarding communal responsibilities as well. The rigidly implemented version of home-ownership has not been followed or supplemented by a respective organisational and financial structure that would be able to ensure sustainable long-term management of communal and outdoor spaces. [Figure 9] Thus, with no formal obligation for contributing to maintenance, the overall long-term quality of the housing blocks – as well as the neighbourhoods – is more or less dependent on the financial abilities and individual commitments of the given residents.

## Conclusion

At the respectively described stage of the programme, this brief and critical sketch of interrelated financial, spatial, and social challenges indicates that the IHDP has failed to create a comprehensive and more inclusive access to adequate urban housing for the mainly targeted low-income citizens. Moreover, the programme has, in many places, even aggravated prevailing issues by fostering social and spatial segregation. The applied combination of the strongly ideologically framed concept of individual home-ownership – based on a strict financial corset of mortgage finance – and the related design procedures have not only ignored crucial social and economic realities, they have also somewhat paralysed architecture and urban design’s potential abilities to create, sustain, and induce social as well as spatial qualities beyond mere financial directives and construction standards. Yet, in spite of all these side effects that stand in stark contrast to the programme’s initial and official intentions, there has been an undaunted demand for the programme’s condominium units. The immense pressure on both the middle class and low-income housing markets has permitted – and occasionally forced – the government to continually build thousands of housing units since the initial five-year plan, without fundamentally questioning the key framework of the IHDP (UN-Habitat 2011: 26). Although there is the obvious success of producing housing units at an unprecedented pace, this should not be an excuse to refrain from critically and openly re-examining the housing programme’s main conceptions. For the city as a whole, such a re-evaluation could be of great importance: whereas the IHDP’s quantitative achievements might resolve some of the immediate housing needs, in the long run the qualitative aspects will strongly determine whether Addis Ababa develops towards a spatially, financially, and ultimately socially sustainable urban centre. Reflecting on the aforementioned observations, such a process of critically engaging Addis Ababa’s housing challenge would obviously have to begin with considering an array of alternative, more contextually driven and more inclusive organisational models, financing schemes, and design approaches. A collection of more versatile, adaptable, and affordable housing schemes, for instance, would not only automatically expand the margins for the initially aspired social and spatial inclusion of low-income citizens. Rather than emulating existing models from the past, it could also spur a new generation of innovative, context-based approaches to adequate and affordable housing.



**Sascha Delz**

PhD, is an architect and researcher working at the intersection of architecture, urban design and urban studies. Having worked as design instructor and researcher at the Department of Architecture of ETH Zurich, as well as the Future Cities Laboratory in Singapore, he is currently a post-doc researcher at the Institute for Urban Design at ETH Zurich, exploring models of cooperative housing in different global contexts. Contact: <delz@arch.ethz.ch>