

Social Inclusion and
Energy Management for Informal Urban
Settlements

Housing in Ethiopia

an overview

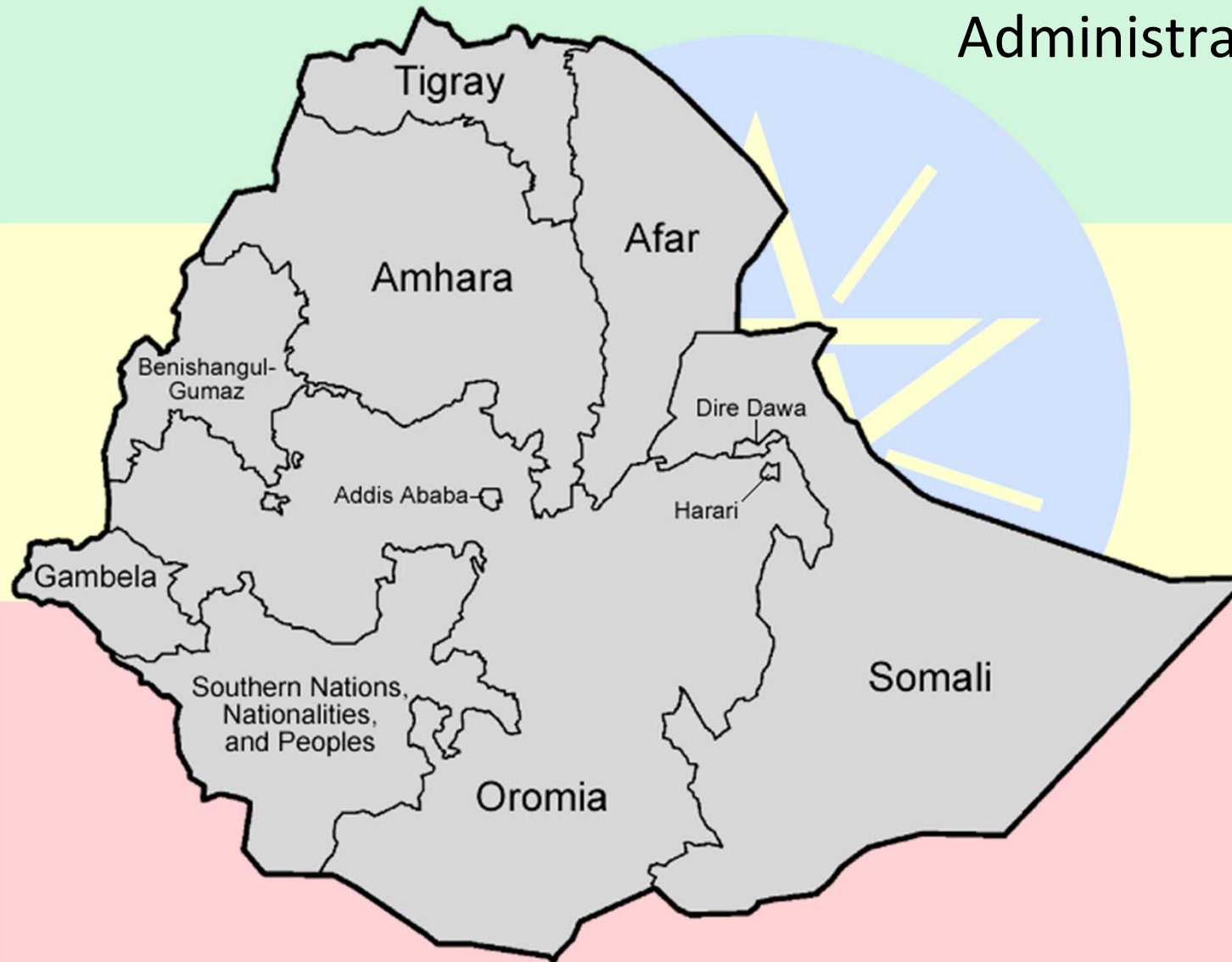
EiABC

Krems, 3 March 2017

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Federal Democratic Republic of ETHIOPIA

Administrative Regions



URBANISATION AND HOUSING IN ETHIOPIA

- Most Ethiopians lived, are still living in rural areas: large villages or small homesteads
- The majority of today's Ethiopian urban centres were established in the past 200 years.
- Few examples of major urban centres prior to the 19C:
 - Axum
 - Lalibela
 - Gondar
- Prior to 20C – the reason for establishment of most urban centres of Ethiopia were military, religion
 - *Amba (high ground)*: Town emerged in connection with the seat of a regional chief or a religious centre of learning, usually located on high grounds (*ambas*)
 - *Sefer* (temporary settlement/ camp): Town or part of a town emerged in connection with temporary military garrison of a regional chief
 - *Ketema* (settlement): Town developed in location regional where a regional chief establishes transient military garrison with civilian settlement.
- 19C – process of expansion and centralisation led to the establishment of garrison towns (*Ketemas*) all over Ethiopia

URBANISATION AND HOUSING IN ETHIOPIA

- Early 20C
 - Stability of Ethiopian Empire
 - Ethio-Djibouti railway line
 - New transportation routs
 - New types of towns emerged along the major communication routs
 - landowners were free to construct *chika* houses (houses built of traditional wood, mud and straw) often without formal planning
 - special permission from the king was needed in order to build a durable house made of stone, brick, concrete or the like
- Mid 20C (Before 1974)
 - Road construction programmes
 - Migration to the south where natural resources were relatively in abundance
 - Construction boom
 - Higher linkage, improved movement
 - Population increase and high proportion of northerners in towns of the south
 - Construction of modern villas and multi-storey apartments, especially in Addis Ababa

URBANISATION AND HOUSING IN ETHIOPIA

- 1974 - 1991
 - **Nationalisation of all rural and urban land rental structures, 1974 & 1975**
 - Creation of *Keble* and ARHS houses
 - Urban stagnation
 - Villagization (the concentration of scattered population in villages for a more efficient control, and distribution of infrastructure and social services)
 - Growth of existing towns
- Government as a source of low-interest loan and free land for housing
- Housing cooperatives, individual, government (ARHA, AACA), international NGOs
 - Housing cooperatives
 - Regular, aided self-help, pure self-help, project-tied housing (WB)
- Housing tenure: owner-occupied, rented from kebele, rented from ARHA, rented from other organisations, rented from private households, paying difference in rent, rent free, informal sublet (kebele, ARHA, other org)
- The inability of the government to fulfil its new role resulted in dilapidation of existing housing areas, especially the nationalised houses, and new informal settlements

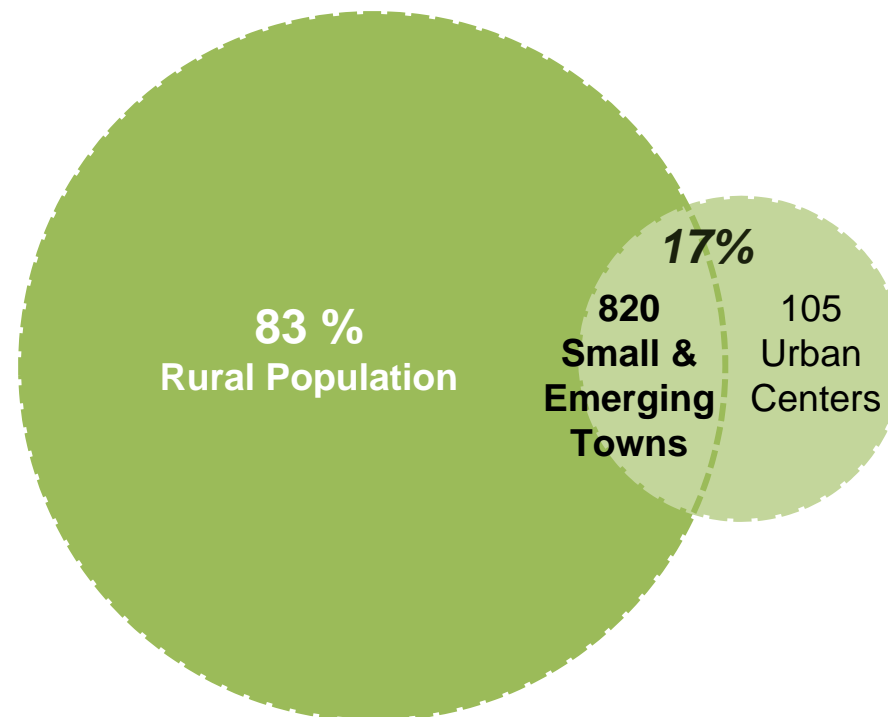
URBANISATION AND HOUSING IN ETHIOPIA

- Post 1991
 - land ownership and the majority of the nationalised buildings remained in the hands of the government
 - Free market economy
 - **Urban land lease legislation was issued, 1993**
 - 'Developmental state'
- New housing development:
 - Government or government-sponsored Integrated Housing Development Program (**IHDP**)
 - Private: lottery system or public auction for land
 - Real estate
 - Cooperative
 - ARHA and other government organisations (rental houses)
 - NGO – urban renewal (onsite resettlement)
 - Informal (*chereka bait*)

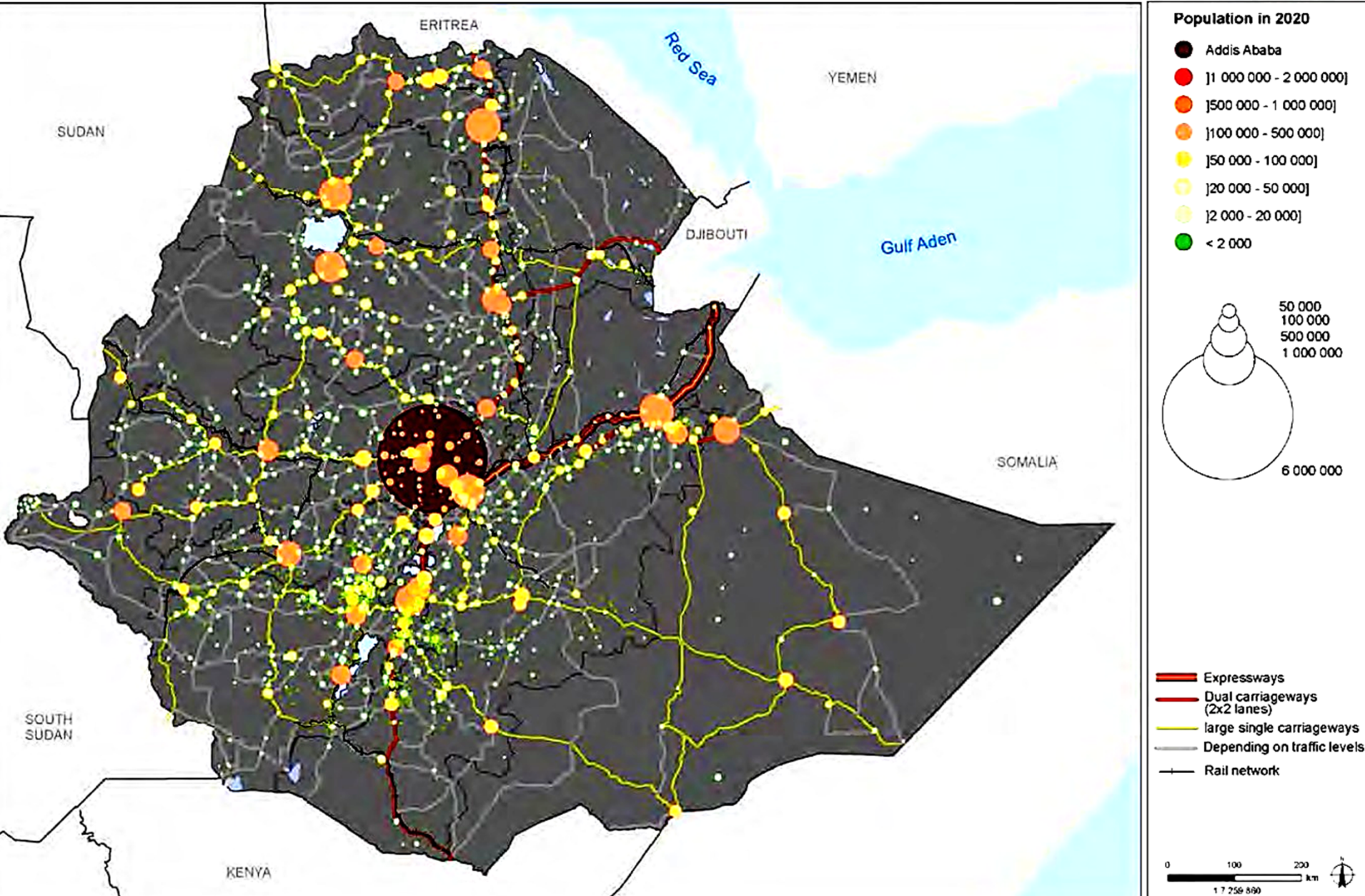
ETHIOPIA'S URBAN DEVELOPMENT SCENARIO

2017

Number of Centers		Size of Population
105	4	Above 200,000
	8	100,000 to 200,000
	14	50,000 to 99,000
	79	20,000 to 49,999
820	310	5,000 to 19,999
	339	2,000 to 4,999
	171	Up to 2,000
925		



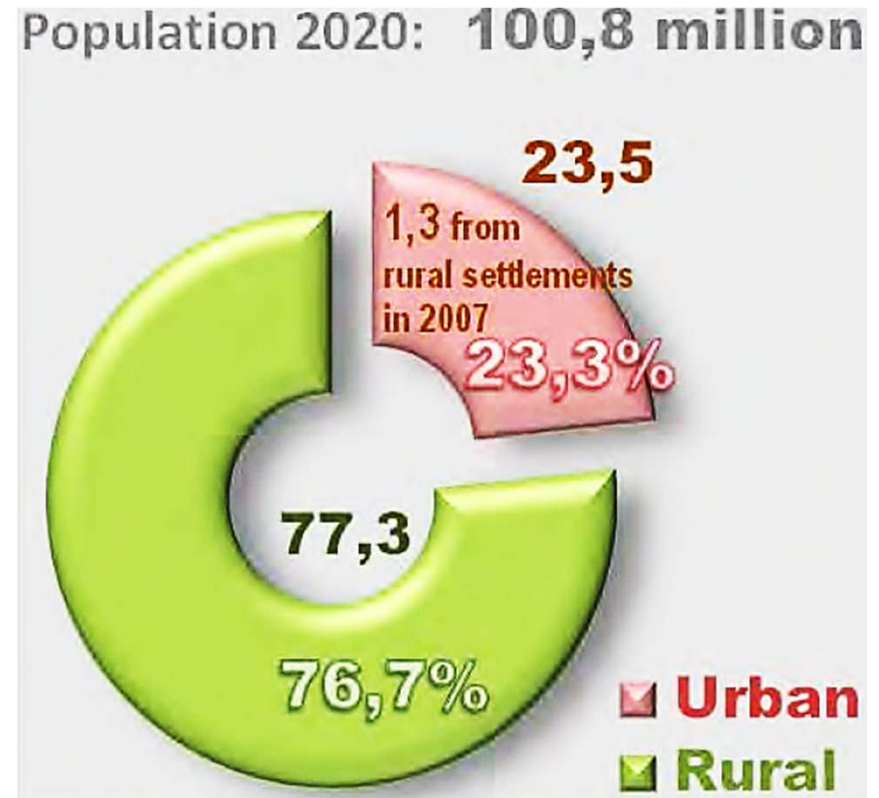
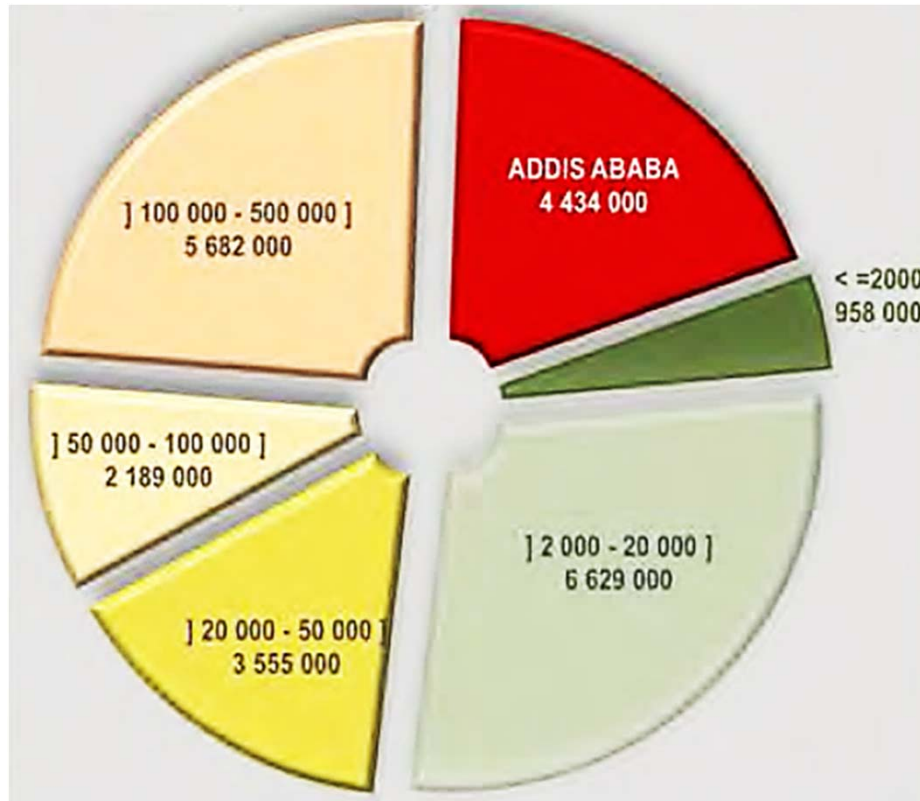
2017: Ethiopia's Urban Population: 17% (SRDU)



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ETHIOPIA'S URBAN DEVELOPMENT SCENARIO

2020



2017: 17%

2020: Ethiopia's Urban Population: **23.3% (23.5 mil.)**. (MUDHC, 2015, NDUSP, Consolidated Scenario)

CURRENT STATE OF HOUSING IN ETHIOPIA



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Abnet G Berhe, Yonas A Soressa, Dawit B Erena, Imam M Hassen, Tsion L Mamaru _ March 2017, Krems



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CURRENT STATE OF HOUSING IN ETHIOPIA

HOUSING CONDITION

- In terms of quality of construction material and quality, over 50% of the housing units are categorised as sub-standard and poor quality
- Construction materials in urban centers (CSA 2007 and 2011):
- Wall
 - **70.8%** of the housing units are made of *chika* wood plastered with mud)
 - In 5 years the reduction in only 2.2%
- Roofing
 - **93.5%** of the houses have corrugated iron sheet (CSI)
 - In 5 years the use of CIS increased by 1.7
- Floors
 - **Over 57.7%** of the existing housing units have earthen dusty floors
 - In 5 years it dropped to 49%
- Ceiling
 - Housing units without ceiling **52%**
 - In 5 years it dropped to 35%

HOUSING CONDITION

- Addis Ababa:
 - more than 30% are single room units,
 - close to 15% have no private or shared toilets, and
 - around 20% have no access to kitchen
- Factors behind the current housing conditions in Ethiopia:
 - Poverty - high cost of standard construction materials
 - Development history (urbanisation trend)
 - Construction permit guidelines
 - Areas earmarked for renewal by master plans
 - Tenure
- Current building regulations implicitly discourage traditional housing construction materials such as earth and bamboo
- Discourages households from maintaining their houses or building new once
- Lack of research on alternative construction technology

TENURE

- Major modality of tenure informal urban housing provision
 - **Private rental** arrangement is prevalent in most cities
 - 11.2% to 60.9% of the housing units
 - After 5 years: 37.8% and 66.5%
 - **Owner occupancy** was the second major tenure arrangement.
 - **Public rental** housing stock is in decline, which is associated with the demolition of *Kebele* units in old parts of cities such as Addis Ababa, as well as many of the regional capitals and other major urban centres targeted for redevelopment.
- **housing tenure security.**
 - *Kebeles* – *now* secured in so far as they regularly pay the monthly rent, but insecurity has increased due to imminent redevelopment kebele housing areas.
 - **Rental from private landlords** are generally insecure about arbitrary increases in rent levels and abrupt termination of their contracts
 - **owner-occupied housing** - insecurity multiple title deeds of a plot issued for multiple owners and estimation of replacement cost of properties despite their locational value
 - **informal settlers'** - very low security - illegal status

HOUSING DEMAND

Insufficient, unclear data

Indicator: Overcrowding

- number of persons sharing one room
- number of single roomed units
 - On average 44.9% are single room units.
 - Over 44% of the housing units have an average number of persons per housing unit of 3.8 (more than 3 – slum)
 - The percentage of single roomed houses ranges from the lowest in Dilla (32%) to the highest in Gambela (64%).

HOUSING DEMAND

Indicator:

Registration for government-sponsored housing (IHDP)

- About one million dwellers of Addis Ababa have registered for units in the IHDP condominium
- In general, all major urban centers of Ethiopia have high housing demand due to their favourable locations along major transport and trade routes, their status as regional/zonal administrative centres, and the demolition of low-rent public housing during urban renewal:
 - **Addis Ababa** has the highest housing demand ratio of **361 per 1,000** population
 - **Semera** has the second highest ratio: **277 per 1,000** (the capital of the Afar Regional State)
 - **Bahir Dar** (the regional capital of the Amhara National Regional State) has the third highest ratio of 272.4 per 1,000 population
 - Others include: Bishoftu, Adama, Dire Dawa, Shire Endasselassie, Jimma and Hosanna

HOUSING SUPPLY

Based on survey of 27 city administrations (MoUDH, 2015):

Formal: 69.8

- **Government** (IHDP) is the leading provider: 51.1%
- **Individuals** (cooperatives and lease) contributed the second largest number of housing units: 22.2%
 - Provision of plots for individual households and cooperatives has been temporarily suspended, particularly in those towns that were implementing the IHDP, which was considered to offer opportunities for more intensive use of land.
- **Municipalities** (outside the context of IHDP) 0.5 %
- **Real estate developers** contributed the lowest percentages of 0.4%

- **Informal: 30.2**

- *Housing produced as extension by private owners for rental purposes?*

HOUSING SUPPLY

Condominium Housing under Integrated Housing Development Program (IHDP)

- The IHDP has been implemented in the major urban centres
- Multiple objectives:
 - Increasing the urban housing stock;
 - Upgrading dilapidated inner city neighbourhoods;
 - Achieving efficient use of land;
 - Improving the image of cities;
 - Generating employment especially for urban youth through micro and small-scale enterprises (mses);
 - Promoting private and national saving;
 - Making the low-income households home owners;
 - Promoting low cost housing construction technologies;
 - Contributing towards developing a modern construction sector.
 - Meeting the millennium Development Goals (MDGs),
 - Goal 1 that refers to alleviating chronic poverty through improved access to basic facilities (such as shelter, water and sanitation)
 - Goal 7, Target 11 that refers to improving the lives of slum dwellers by improving their access to housing and economic activities

HOUSING SUPPLY

- Addis Ababa was the first to implement a large-scale housing development program since 2003, which was later scaled up as IHDP in 2005
- In 2006 the Commercial Bank of Ethiopia (CBE) started to make available construction finance to regional governments
- The national program was implemented in a total of 56 by 2016



HOUSING SUPPLY

- IHDP housing units are transferred to beneficiaries identified through a lottery system
- So far, in Addis Ababa 180,000 housing units are transferred to their owners



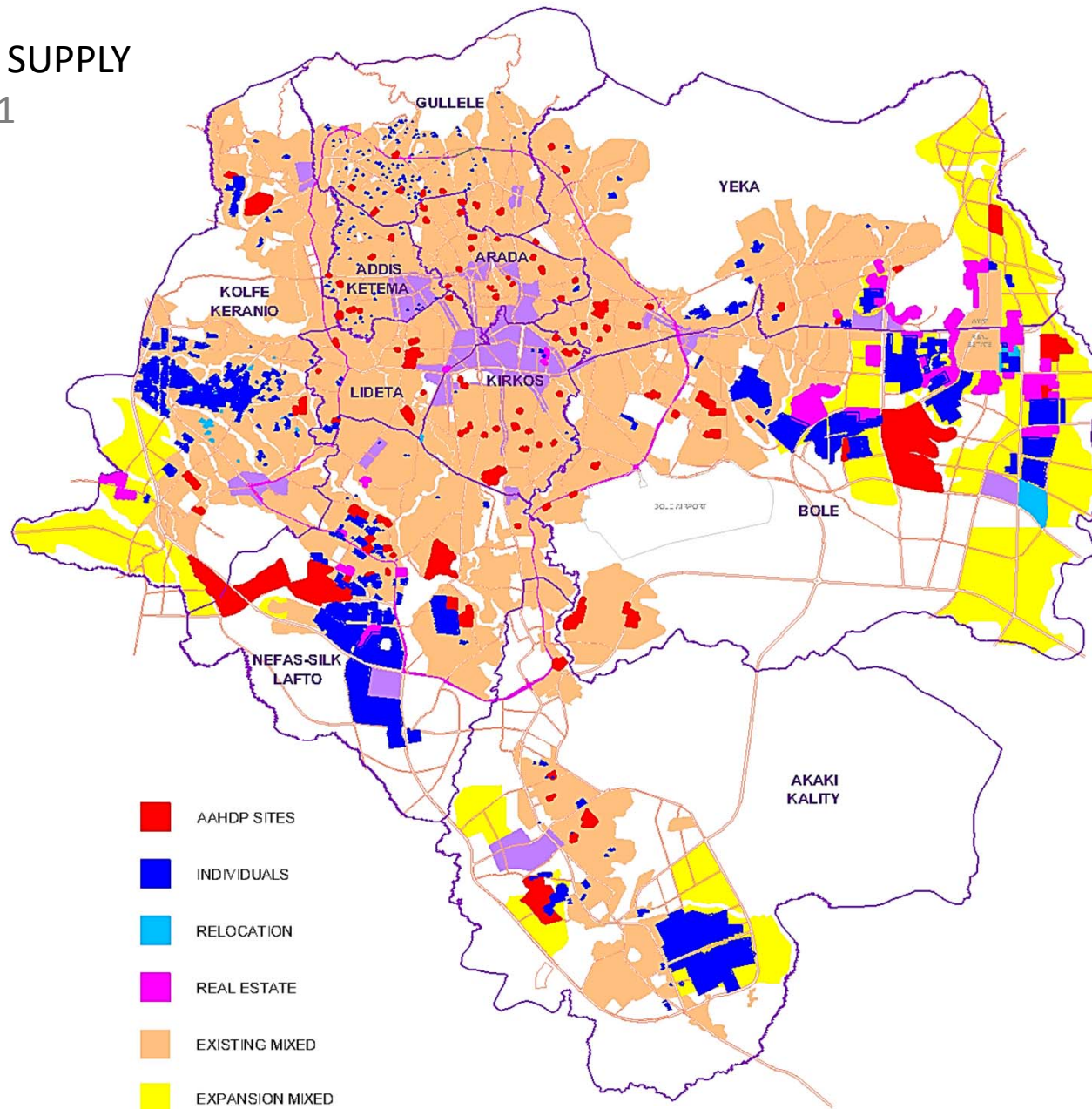
HOUSING SUPPLY



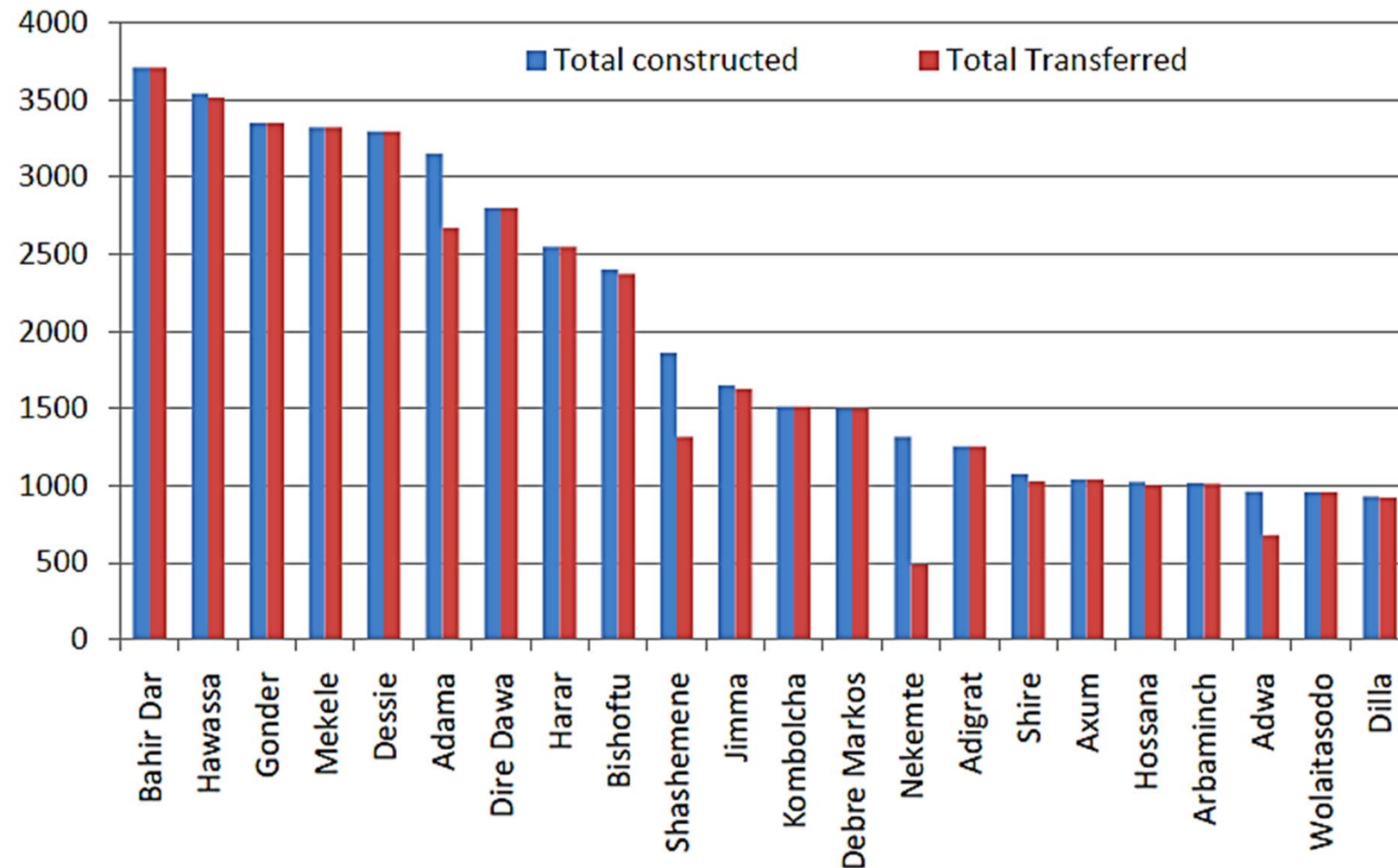
HOUSING SUPPLY



HOUSING SUPPLY 2000-2011



HOUSING SUPPLY



IHDP CONDOMINIUMS BUILT IN 2012-2014 AND DISTRIBUTED IN JULY 2014 IN 22 CITIES (MoUDHC)

HOUSING SUPPLY

Challenges of IHDP

- **Number of houses constructed** so far are small compared to the demand
 - Finalizing and transferring the housing units to beneficiaries took quite longer period.
- Some of the families that won the condominium lotteries could not readily take the units for they found their cost to be **unaffordable**
 - The project is focused more on 'cost efficiency' rather than the low-income
 - most of the actual beneficiaries have been better-off families who could readily pay down-payments or the full selling price of the condominium units
- Some could not raise additional finance to complete the **finishing work**
- Some households with large **family size** could not readily take the smaller units because of their small size
- Lack of provision of **administrative and social services** such as schools and health facilities, market places
- Absence of access to infrastructure such as local roads water and electric power
- **Poor quality of construction**, especially sanitary and electrical installations

Now modalities include: **10:90**, **20:80** and **40:60** schemes, and revitalization of the **cooperative schemes** in the strategic framework for urban housing provision

HOUSING SUPPLY

Real Estate Housing

- The National Urban Development Policy emphasizes the role the private real estate development sector can play in providing housing for the high income group under the framework of free market principles.
- The private real estate housing sector is concentrated in **Addis Ababa and its surrounding towns** (Legetafo, Burayu, Sululta and Sebeta), and other **major urban centers** such as Dire Dawa, Adama, Bahir Dar, Hawassa and Mekelle
- The private real estate sector has managed to construct a considerable amount of houses but **significantly below the expected output**
 - In Addis Ababa, between 2000 and 2011, housing supply by real estates was only **3.8%**, compared to 61.1% by the government and 35.1% by individuals (cooperative and lease)
 - **Speculative tendencies** on the part of real estate investors to unscrupulously benefit from the rise of land and property values
 - There were times when the government had to **repossess part of the idle land** already given to real estate companies

HOUSING SUPPLY

Real Estate Housing

Ayat Real Estate



HOUSING SUPPLY

Real Estate Housing



HOUSING SUPPLY

Real Estate Housing

Tsehay Real Estate



HOUSING SUPPLY

- Finance for formal supply of urban housing
 - Regional governments will mobilize finance for the construction of IHDP condominium housing by selling bonds to the Commercial Bank of Ethiopia (CBE)
 - The CBE will also provide mortgage finance for households to purchase completed condominium units from city administrations.
 - Households, cooperatives and real estate developers are expected to mobilize 100% of the construction finance on their own.
- The lack of financial system for formal housing, especially for cooperatives, contributes to proliferation of informal settlements

INFORMAL HOUSING

- Informal housing is increasingly becoming an important component of housing provision in major urban centres.
- Informal housing units constitute 30% of the total housing stock
- Informal housing locations (post 1974)
 - Land already reserved for residential development and public spaces,
 - Peri-urban locations that belong to the future urban expansion areas.
 - Riversides and hilly areas not planned for residential development.
- The problem has its roots in
 - The failure of city governments to provide sufficient land and infrastructure for residential purpose
 - Inability of city governments to enforce building control regulations
 - Lack of housing finance mechanism, especially for the low-income
 - Illegal management of urban and peri-urban land by illegal real estate developers (mafia), brokers, peri-urban farmers, and corrupt bureaucrats and administrators

INFORMAL HOUSING

Legality of land tenure and conformity to building standards

		Conformity with Building Standards	
		Yes	No
Legality (Land Tenure)	Yes	1. Formal Sector Housing <ul style="list-style-type: none"> • Private developers • Government /condominium • Private cooperatives • Private individuals • Rental housing (AARH, Government.) 	2. Kebele-owned Rental Housing
	No	3. “Illegal” Housing (Organized)	4. Slums (Disorganized Illegal Housing)



KEY CONSIDERATIONS FOR FUTURE HOUSING STRATEGIES

- Progress that has so far been registered in the housing sector must be further strengthened through reflective **evaluation of existing policies and practices**
- The Federal Government should take measures to promote **appropriate construction technologies** for the production of **affordable housing**
- Cities should adopt neighbourhood **upgrading programs** to thwart public health threats as well as enhance their ambience
- City administrations should **streamline land management and development control systems** so that they could efficiently provide land for residential construction
- City administrations should take measures to expand **provision of serviced land** as it is a critical input into the housing production process
- Subsidies that can be provided as part of public housing programs should **target households and not housing units**
- Cities should implement housing policies that **promote inclusiveness**
- The Federal Government should develop a **workable framework for housing finance** as it will contribute to affordable housing supply
- In the ongoing urban redevelopment program, **onsite resettlement** should be considered