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POLICY GUIDELINES AND SUGGESTIONS FOR IMPROVING LOW-INCOME HOUSING OF DHAKA CITY

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Abstract: Low-income peasants, victims of natural disasters, famine and war, together with a vast number of unemployed and under-employed people comprise the bulk of the low-income population of Dhaka City. The most striking feature of the low-income group of Dhaka City is that they comprise a large proportion of the city's population but share only a tiny proportion of the city's area. Because of financial hardship, these people are often forced to live in slums and squatter settlements in a sub-human condition. With the rise of poor people in the city, the number of these settlements are increasing day by day, and consequently housing situation is aggravating. This study identified the major housing problems of the low-income people of the city, and the key constrains to resolve these problems. After identifying the housing problems of the low-income settlements of the city, the merits and demerits of different low-income housing programs of Bangladesh are studied. On the basis of the experience and inferences of the latter, policy guidelines and suggestions are made to improve low-income housing of Dhaka with the overall objective of improving the quality of life of the people.

Keywords: Housing policy; Dhaka city; Low income

Introduction

Dhaka is the capital of Bangladesh and the largest city of the country. It grew and rose to its height of importance beginning back from the Mughal era down to its present position as the capital city of the country. Dhaka's population growth rate is very high, about 5.6 percent per annum (UN, 1985). At present, Dhaka has a population of about 7.3 million within its metropolitan boundary (RAJUK limits) (BBS, 1992). Of the city's bulk of the expanding population, the low-income group constitutes a major proportion. By the term 'low income' it is meant to those people who cannot afford permanent, safe and sanitary housing at places suitable for their jobs and economic activities. A greater proportion of the earnings of the low-income people of Dhaka is spent for food and clothing, and as a result, they set aside very little money for shelter purpose.

In the past, Dhaka City was the exclusive residential neighborhood of the cultural and political elite, but now it is the low-income group who accounts for the greater part of the physical growth and character of the city. The most important feature of Dhaka's low-income people is that they constitute about 30% of the city's population, but share only a tiny proportion of the city's residential areas. As a result, the density of low-income settlements of Dhaka is extremely high, 10 to 15 times higher than the overall density of the city. The majority of the low-income people of

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Dhaka live in slums and squatter communities, and they receive very little utilities and services from various government agencies (Hasan, 1991).

The problem of low-income housing is once again directly associated with many other factors like government policy issues, extent of financial assistance, availability of resources, and priority considerations. Moreover, the total number of low-income people in Dhaka is so large that very little can be done to them with the available resources. In spite of such limitations, some attempts were taken in Dhaka City to improve the housing conditions of the low-income people. A review of these programs provides some implications and inferences, which can be used to resolve existing low-income housing problems of the city.

Low-income Housing of Dhaka City

The low-income people of Dhaka City are spread in different areas, and they live in different land tenureship pattern. The housing pattern of the low-income people of Dhaka City can be classified into six major groups (Islam, 1990). These are: i) Squatters, ii) Refugee rehabilitation colonies and squatter resettlement camps, iii) *Bastees*, iv) Conventional tenement slums, v) Employees' housing, and vi) Others. A brief description of these groups is given below:

Squatters: These are unauthorized dwellings built by the low-income people in Government owned lands. Squatters also include persons or families residing or squatting in terminals, pavements, bus-stand, and public and semi-public office buildings. The density of population in Dhaka's squatter settlements is extremely high, about 1500-2000 persons per acre. The approximate number of squatter population of Dhaka City is roughly around 0.1 million, and this covers less than 0.5 percent of all residential land of the city (Islam, 1990).

Resettlement Camps: There are some resettlement colonies in Dhaka where people live in large groups, occupying a single piece of land, and in a very crowded and congested condition. These resettlement colonies accommodate about 0.25 million low-income people of the city (Islam, 1990).

Bastees: These are legal settlements of the low-income communities of Dhaka, having very high area density, room crowding, and poor housing condition. A large number of poor people in Dhaka live in '*bastee*' settlements of the city. The '*bastee*' settlements have residential density of 1000-2,500 persons per acre, and they accommodate about 1.4 million people of Dhaka City (Islam, 1990).

Conventional Inner City Tenement Slums: These are old and dilapidated buildings, mainly located in Old Dhaka. These houses have very high residential densities due to over room crowding and vertical development. The conventional inner city tenement slums of Dhaka accommodate approximately about 0.5 million people of the city. (Islam, 1990).

Employees' Housing: The Employee's housing of Dhaka are usually found in the form of permanent or semi-permanent barracks, having group accommodation facilities. These houses have very high room crowding, and accommodate about 0.35 million inhabitants of Dhaka (Islam, 1990).

Others: Many low-income people of Dhaka house themselves through free lodging in middle or lower-middle income families, shops, and factories. Some of the low-income groups also live on boats in rivers, canals and waterfronts around the city. Around 0.1 million people of Dhaka City fall into this category (Islam, 1990).

Housing condition of the low-income people of Dhaka City

Housing conditions of the low-income people of Dhaka City are extremely unsatisfactory. In the slums and squatter areas, people live in a crowded and congested manner. Environmental condition is very much unhygienic. Utilities and services such as gas, electricity, water, and telecommunications facilities are scarce, and community facilities like play fields, parks, community centers and mosques are practically absent (Hasan, 1991).

A study of the slums of Dhaka in 1988, by the Center for Urban Studies (CUS), of Dhaka University, revealed some important facts about the low-income housing of the city. House occupancy in the low-income settlements of Dhaka is found to be of three main types: owner occupants, tenant occupants and free occupants. Majority of these houses is of tenant occupants type, followed by owner occupants, and, then by free occupants. Almost ninety percent of the houses in the low-income settlements are temporary in structure, and the rest are permanent and semi-permanent. Many of these are made up of bamboo walls and a large portion of them have Corrugated Iron (CI) sheet roofing. Municipal and community services within the low-income settlements are very poor and inadequate. Moreover, the access to various services is often limited to a few selected families. There are gas connection facilities in 30% of the slum dwellings, but many families can't avail this. Most of the slum-houses don't have gas connection, and the occupants use a variety of fuels for cooking. More than fifty percent of the slums have electricity supply facilities, but most of these are unauthorized connections. About half of the slum dwellers use water from street municipal taps or have own water connections. Others use water from community tube-wells, from nearby ponds, and or rivers. Most of the low-income settlements do not have any municipal garbage disposal services. They normally dump the garbage in the nearby low-lands. The majority of the low-income settlements have their own community toilet facilities; however, most of the toilets are temporary. Drainage and sewerage facilities are very unsatisfactory and road condition is pitiable within the low-income settlements (CUS, 1988).

House rent structure and affordability of the low-income groups in Dhaka

House rent in the low-income settlements of Dhaka City is not cheap. According to a 'bastee' survey of Dhaka District Administration, in 1988, it is found that about 50 percent of the dwellers pay a rent of *Taka* 200 or more, and 20% of the families pay a rent of *Taka* 3000 or more for housing. The rent for a room in a 'bastee' settlement can be as high as *Taka* 500-600 per month. The 'bastee' dwellers pay an average rent of *Taka* 4 per square feet in a temporary house, and at least 8% of the 'bastee' dwellers pay a rent of *Taka* 5 per square feet. The survey shows that 15% of the slum dwellers spend 20% of their household income for house rents, and around 34% of them pay about 10-20% of the household income for house rents. From the survey it was found that house rent varies from 10% to 20% of the household income of the low-income people. So it can be concluded that the affordable housing expenditure of the low-income families must not exceed 20% of their monthly income. A 'bastee' survey of 1,09,576 low-income families in Dhaka City by Bangladesh Bureau of Statistics (BBS) in 1987 reveals the following facts:

Table- 1. Distribution patterns of Dhaka's low-income households' housing expenditure in relation to monthly income.

Monthly household income (<i>Tk</i>)	Percentage
Below 500	3.81%
500-1000	19.83%
1000-1500	31.18%
1500-2000	19.87%
2000-3000	8.18%

For the study, in this paper, the middle 4 income groups of Table- 1 have been considered. These 4 income groups account for 88% of the surveyed low-income households of Dhaka. Inflation rate in Bangladesh varies from 15 to 20% per year (Seraj, 1982). Considering a 15% inflation rate, the approximate monthly income of different categories of low-income people of Dhaka is projected for 1991.

Table- 2. Projected affordable housing expenditure of Dhaka's low-income households in 1991.

Monthly household income in 1987 (Tk)	Projected monthly household income in 1991 (Tk)	Projected affordable housing expenditure per month per family (20% of monthly income) (Tk)
500-100	800-1600	320
1000-1500	1600-2400	480
1500-2000	2400-3200	640
2000-3000	3200-4300	960

Thus, to keep any housing project within the affordable limits of the low-income group, the housing standards must be low. From Table- 2, it is found that the low-income groups of Dhaka City can afford a range of housing expenditure of *Taka* 320-960 per month. So for low-income people in the city, their housing units should be designed in such a way that monthly installments of the target group do not exceed this limit. Otherwise, the monthly repayment costs can be a burden for the target group, and the fruits may be taken over by higher income people.

Low-income house programs in Dhaka city

The following housing programs were adopted and implemented for the low-income groups of Dhaka City:

Core housing at Mirpur and Mohammadpur: In Dhaka, the first attempt for housing the low-income group took place at Mohammadpur and Mirpur. The Mirpur Housing Estate and the Mohammadpur Housing Estate were primarily designed to benefit the low and lower middle income repatriates from India. Out of the 16 housing estates constructed in the country during 1959-69 period, these two are the only ones that were meant to benefit the poor. The housing estates of Mirpur and Mohammadpur were built with the concept of nucleus housing (Hafiz, 1987). After the liberation of Bangladesh, a number of residents of these two housing estates repatriated to Pakistan, and the Government of Bangladesh took care of their houses, as abandoned property. Other residents sold their plots to the better off people, who bought these plots at prices below the market level, but far above what other poor families could afford to pay. Often two or more adjacent plots were merged and used for the construction of apartment buildings for middle and upper-middle income groups, leaving most of the poor once again landless (Hasan, 1991).

The Dhaka Experiment, 1975: In January 1975, the Government of Bangladesh took decision to evict slum dwellers and squatters from the city center. Slum clearance operation was launched in Dhaka, and 0.2 million slum-dwellers of Dhaka were forced either to leave the city or to move to three camps located outside the central city. However, many of these evicted people returned to the city gradually. Later, some sorts of rehabilitation were provided for these people in three camps at Mirpur, Demra and Tongi. Approximately about seventy thousands of the evicted people were rehabilitated at these three places outside of Dhaka. Later on, permanent settlements and rehabilitation programs were taken up for them (Hasan, 1991). 2600 families have been rehabilitated at Mirpur, and 2444 families are rehabilitated at Dattapara. In both the projects, 100 acres of land have been allotted, and the total project cost was 433 million *Taka*, that is 71,000 *Taka* per family. In these projects, the homeless families were allotted a piece of land of about 400-

600 square feet, one low-cost dwelling unit, and some physical and communal facilities (GOB, 1989).

Slum improvement programs (SIP) for Shaheed Nagar, Rasulpur and Islambag areas of Dhaka City: Dhaka City Corporation (DCC) with the financial assistance of World Bank, has taken up a project for physical upgrading of the slums of Shaheed Nagar, Rasulpur and Islambag of Lalbag Thana. This project is under progress.

Constraints of Housing Development for the Low-Income Groups

As found earlier, a few housing projects have been implemented for the low income groups in Dhaka. However, in many cases, the higher income groups reaped the benefits of these projects. In the following paragraphs, a discussion is made of these constraints.

High housing standard: In Mirpur and Mohammadpur housing estates of Dhaka, the housing standard of nucleus housing was higher for the target groups. As a result, a number of dwellers sold their plots to rich people. In Dattapara rehabilitation camp, each household was given a small plot with a furnished housing unit. The household has to pay very little for this. While providing housing units with a higher standard (compared to the affordability of the target group), the Government fund was depleted very quickly. Consequently very few-income families were benefited from limited Government projects.

Break down of rent collection: Break down of rent or monthly installment collection is a common phenomenon in Government assisted housing projects in Bangladesh. In most cases, defaults in loan payment are dealt leniently and loans are viewed as gifts. As a result funds become unavailable for similar projects.

Political pressure: In Bangladesh, it is often very common that the kith and kin of the members of the ruling political party would try to avail government facilities and advantage. As a result, in many housing projects, vested interest groups replace the target group. For example, a number of housing units at Dattapara was allotted to the members/supporters of the ruling party at that time. Consequently, some rootless low income families were deprived of housing privileges.

Too much subsidy: Low-income housing programs of Bangladesh depend mainly upon subsidies. The proportion of subsidy ranges from 60% to 90% of construction costs. As a result, when the project is completed, there remains a severe scarcity of revolving funds. Due to the huge amounts of subsidy, replicability of projects becomes ineffective.

Non utilization of available facilities and community resources: In Bangladesh, very little attention is given to preserve existing housing stocks, and utilization of community and individual resources. Slums are considered as blight areas. The government either tries to destroy them or hide them from the views of foreigners and members of donor agencies.

Lack of commitment: The low income people of Dhaka is not considered a part and parcel of the state machinery, and their needs and demands are often treated with negligence. Before any political election, Government officials and leaders of political parties are found to visit slum areas, and they make different commitments for upgrading of the community. When the election is over, these leaders often forget about their commitments and the low income people remain in the same condition as before.

Lack of fund: Bangladesh is one of the poorest countries of the world, and it has to depend upon foreign aids for its development budget. However, a major portion of these foreign aids and grants are spent for development projects targeting the middle and high income groups or for the rural poor. Very little is therefore left for the rootless low income urban people.

Policy guidelines and suggestions

In Dhaka City, a number of attempts were taken to improve the housing condition of the low income group. However, most of these attempts could not bring about the desired result. In many cases, the middle and higher income groups captured the fruits of these projects. In the following paragraphs some policy guidelines, and suggestions are recommended which might resolve these bottlenecks:

Generalized policy guidelines:

Preserving the present housing stock is of utmost importance for Dhaka as well as Bangladesh. Clearance is only applicable when slum areas occupy essential land of the city, or when it becomes very much hazardous or environmentally harmful to the city's residents. Emphasis should be given on utilization of community and individual resources employing labor intensive techniques and direct participation of the low income people in the development process. Every available opportunity for in-fill and utilization of in-appropriate land should be taken into consideration.

For the low income households, land tenure is a critical issue. The prime objective of low income housing policy should be to provide every household the opportunity to own, rent or lease a dwelling unit at reasonable rates to meet their minimum requirements at suitable locations. An emphasis should be given on replicability of the low income housing programs and projects. Policies and programs must show promise of replicability particularly with respect to land resources, financial resources and human resources. Emphasis should be given on cooperative housing schemes. Groups of low income people can be organized to settle on a piece of land to develop it as a planned settlement.

Housing standards for the low income groups should be kept at a minimum level so that these are affordable. The size of plots or houses should be limited to as minimum as possible, and commensurate with providing opportunities with the increase of resources of each family. Housing projects and programs for the low income families should be done with optimum use to resources, matching with the increasing resources of each family. Priority should be given on developing infrastructure and other services which can be upgraded over time.

Strategies

In this study, housing programs for the low income groups of Dhaka City, are divided into three time periods: the short term (1995-2000), the medium term (2001-2005), and the long term (2005-2010), with appropriate strategies for each period

The short term strategy

In the short term period, the squatter settlements and slums of the city center (Lalbag, Nawabpur, Sutrapur, and Kotwali) should be rehabilitated. In this regard, resettlement programs for the squatter settlements and upgrading program for the slums can be undertaken. Development schemes can also be adopted for the tenements slum areas of Old Dhaka.

i) Resettlement policy: The families squatting on unauthorized land cannot be rehabilitated in the existing sites. They should be rehabilitated in different areas of the city, in khas land, disused land, abandoned property and acquired land of the Government. The squatter families should be

rehabilitated near to their places of employment. Multi-storied walk up blocks with very small units having kitchenette and toilet facilities could be provided to optimize land resources. The families should make a down payment (according to their financial limits) and repay the rest of the loan through monthly installment over a period of time.

ii) Upgrading policy: For the privately owned slums of Dhaka, namely Shaheed Nagar, Islambag, Jattarabari, and Sutrapur, upgrading scheme is more viable. Basic policies in this upgrading program should be to ensure retention of existing structures and minimum displacement of families, and maximize people's participation. Standard should be kept at minimum level so that it remains within the affordable limits of the dwellers. The owners of the house will make a down payment and pay the rest of the improvement costs through monthly installments.

iii) Redevelopment policy: There are crowded buildings in the inner city of Dhaka, many of which are semi permanent but some are 3-4 storied in height. The occupants, whether tenants or owners, are generally low income people. The main characteristics of this area are high population density, dilapidated structures, high room crowding and high land value. As lands in these areas are very expensive, high rise residential blocks could replace the existing buildings. Government should provide loan for housing construction through government and semi government financing institutions. Direct participation of government agencies will be required in some instances (especially for disputed lands) where the government agencies will build some of the housing blocks and will own a portion of these building. Private developers should also be encouraged to take part in the redevelopment schemes.

The medium term strategy:

In this period, the policy will be to rehabilitate low income people in fringe areas of Dhaka. Land sharing and land readjustment techniques could be adopted for ensuring supply of land in the fringe areas of the city. Private developers should be encouraged to participate in these projects, provided they build a portion of the housing units (10-20%) for the low income groups.

The long term strategy:

In this period, policy will be to rehabilitate low income people in the outskirts of Dhaka, namely Tongi, Joydvpur and Savar. The low income people can be rehabilitated around industrial locations in these areas, where they can find jobs. Nucleus housing could be provided, keeping provision for individual toilet, kitchen and water connection. The households should be provided with facilities for play ground, schools, and community center.

i) Policies for land cost, land acquisition and speculation: There could be a land development tax, and tax on vacant land in Dhaka City, as exists in the United States. This will hold down land cost without eliminating the onerous profit and force more land into use, and give the Government more revenues. There should be some kind of tax holidays for low rent housing. Zoning laws could be enacted to stop haphazard growth of the city. Public authorities should be allowed to acquire land quickly without waiting for the award to be determined. Advance acquisition of land on special terms for the purpose of building a land bank to meet long term needs of urban growth is recommended. Land sharing and land readjustment techniques could be adopted for accommodating the poor in the fringe areas.

ii) Administrative and legislative policies: A National Physical Planning and Housing Council may be set up at the highest national level to lay down policies on physical planning and housing for both urban and rural people. Interventions of the public sector will be necessary to provide housing to the weaker segments of the community through cross subsidization. For this purpose, Housing and Settlement Directorate could be converted into a National Housing Authority (NHA) which will operate as an autonomous organization. The role of National Housing Authority should be targeted

to the essential needs of the low income groups. Reforms in land administration could be introduced in order to increase the supply of land for development, and to reduce acquisition costs, and to recoup the unearned increment in land values. Government can impose statutory restrictions on the size of private residential buildings, and the use of precious, imported building materials. Administrative procedures for land registration and records, transfer and exchange should be modernized. There should be a ceiling on urban land ownership, gradually ownership mode may be changed, and more of cooperative ownership may be encouraged in the future.

iii) Financial policies: Reconstitution of House Building Finance Corporation (HBFC) can be undertaken so that it can extend its borrowing programs to the lower segments of people. Creation of a housing bank for the poor should be given due priority. This bank can lend money to the low income groups for housing without any collateral, like the Grameen Bank. The low income families cannot pay on going interest rates on a self supporting basis. Therefore, the interest rates would have to be considerably lower than 10%. Pay back periods of loans should be longer (25/30 years). Loans to poor families with very low income will require special arrangements. For a low income family, it is often difficult to make a down payment of a good sum of money. They should therefore be allowed to deposit money in monthly installments in the housing bank. After accumulation of a reasonable sum of money (in 2 or 3 years time, when the down payment amount is achieved), they should be given a loan for buying plots or dwelling units. These families would pay monthly installments of the loan for the next 25-30 years. Defaults in loan payments should be strictly prohibited. If the general feeling is established that such loans are dealt leniently, defaults may become general and the loans would be viewed as gifts. Again, if installment collection breaks down, capital would be unavailable for other housing schemes.

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