“JANASEVANA”

National Housing Symposium 2011

Janasevana – Housing For All

Organised by the

Ministry of Construction, Engineering Services, Housing and Common Amenities

In collaboration with

United Nations Human Settlements Programme (UN-HABITAT)

22 – 23 March 2011, Sri Lanka Foundation Institute, Colombo

Conference Proceedings
“JANASEVANA” National Housing Symposium 2011

Conference Proceedings

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Background

The Government of Sri Lanka (GOSL) is committed to creating a conducive environment for the promotion of affordable quality housing for all and to achieving the Millennium Development Goals (MDGs), in particular the Goal 7 - Target 11. The Government’s Development Policy Framework ‘Mahinda Chinthana Vision for a New Sri Lanka, A Ten Year Horizon Development Framework 2006 – 2016’ envisages the Government’s role in the housing sector shifting from the role of a developer and financier to that of a regulator and a facilitator. The National Symposium on “Housing For All”, organised by the Ministry of Construction, Engineering Services, Housing and Common Amenities in collaboration with the United Nations Human Settlements Programme (UN-HABITAT) was held during 22-23 March 2011 at the Sri Lanka Foundation Institute (SLFI) in Colombo. The symposium provided a platform for all stakeholders in the housing sector, such as policy makers, academics, practitioners, developers, investors and members of micro finance institutions and Community Based Organizations (CBOs), to share their experiences and views on affordable, adequate housing in the emerging Sri Lankan economy. The forum created an opportunity to address different dimensions in the housing sector, to identify key challenges and explore opportunities in the realization of national objectives.

Main objectives of the National Housing Symposium:

- Create a platform for policy makers, academicians, practitioners, developers, members of micro finance institutions and CBOs and others interested in housing to interact and share their experiences;
- Address new dimensions for Janasevana housing within the context of emerging economic development;
- Examine the proposed National Housing Policy;
- Explore and identify challenges in the social housing sector;
- Discuss innovative and affordable financing systems; and
- Examine ways to promote new, innovative, cost effective technology for housing.

The symposium focussed on four main thematic areas:

- Housing needs: Social housing and quality of life
- Current development strategies: policies and sustainability
- A Home within reach: Affordability and quality of housing
- Technology for affordable housing and disaster resistance

The two day symposium was inaugurated with an opening session and a keynote address followed by four technical sessions focusing on the priority housing sectors identified above. Two technical sessions were conducted each day, with each session featuring three to four eminent panellists with expertise in the sector. Each session commenced with a brief overview of the thematic area by the Chairperson, followed by 10-15 minute presentations by each panellist. An interactive discussion was conducted at the end of each session to obtain the views and answer queries of the participants. On Day Two, following the two technical sessions, the Secretary Ministry of Construction, Engineering Services, Housing and Common Amenities provided the concluding remarks and guidance on the way forward for the housing sector in Sri Lanka following the National Housing Symposium.
**Day 1: 22 March 2011: Inaugural Session**

The inaugural session of the National Housing Symposium 2011 commenced with the lighting of the traditional oil lamp by the Hon. Wimal Weerawansa, Minister of Construction, Engineering Services, Housing and Common Amenities, followed by other distinguished participants including Mr. Lasantha Alagiyawanna, Deputy Minister of Construction, Engineering Services, Housing and Common Amenities, Mr. Lalith Weeratunge, Secretary to the President, Mr. Gotabhaya Jayarathe, Secretary, Ministry of Construction, Engineering Services, Housing and Common Amenities, Mr. Laxman Perera, UN-HABITAT Programme Manager for Sri Lanka, Dr. Ranjith Bandara, Senior Lecturer, Department of Economics, University of Colombo and Chairman, Sri Lanka Foundation Institute, Prof. Siripala Hettige, Senior Professor and former Dean, Faculty of Arts, Sociology Department, University of Colombo and Prof. P. K. S. Mahanama, Dean, Faculty of Architecture, of the University of Moratuwa.

In his welcome address, Mr. Gotabhaya Jayarathe, Secretary, Ministry of Construction, Engineering Services, Housing and Common Amenities stated that every family in Sri Lanka needs a home of their own in order to lead a productive and happy life. He mentioned that the progression from a simple, wattle and daub hut to a more permanent home is every Sri Lankan’s dream. He emphasised that the Government’s Development Framework ‘Mahinda Chinthana Vision for a New Sri Lanka, A Ten Year Horizon Development Framework 2006 – 2016’ envisages that each family in Sri Lanka should own their own home. The Janasevana National Housing Programme endeavours to achieve this goal. He was happy to note that for the first time in recent history, a National Housing Symposium has been organised to share knowledge and experiences in the housing sector in Sri Lanka, by the Ministry with support from other government agencies, UN-HABITAT, academicians and housing sector practitioners. He expressed confidence that the symposium would generate wide discussions by the participants.

Mr. Laxman Perera, UN-HABITAT Programme Manager for Sri Lanka stated that UN-HABITAT is happy to be associated with the Ministry of Housing in convening this important National Symposium. Sri Lanka, as a middle income country, had faced several recent natural disasters and had successfully overcome these challenges. Stating that housing is vitally important to the country, Mr. Perera further elaborated that Sri Lanka had innovated many housing initiatives and had introduced innovative schemes and strategies to the world. He mentioned that 10% development in the housing sector would bring about 15% of economic growth to the country (in other sectors). It was important to look at introducing new strategies, identify stakeholders and develop new partnerships in the housing sector by using this National Symposium as a platform. Providing a brief introduction to UN-HABITAT in Sri Lanka, he mentioned that the agency had been in operation in Sri Lanka for the past 30 years. UN-HABITAT, as the UN agency responsible for human settlements, promotes socially and environmentally sustainable towns and cities, with the goal of providing adequate shelter for all. Working closely with the government and local authorities, as well as a wide cross-section of local stakeholders, the agency has been actively involved in a range of national programmes and projects including rehabilitation of tsunami affected communities and reconstruction of homes, rebuilding communities in the North and East of Sri Lanka through assistance in the sectors of shelter, infrastructure and water and sanitation as well as support to government on policy formulation. UN-HABITAT has an inclusive approach to housing. He stressed that Sri Lanka’s achievement of middle-income country status has created many new opportunities in the housing sector.

The Secretary to the President, Mr. Lalith Weeratunge in his key note address, congratulated the Hon. Minister of Construction, Engineering Services, Housing and Common Amenities, and his officers for organising the National Symposium. He mentioned that the Management Specialist Abraham Maslow – who is considered the father of modern management psychology, had articulated the theory “Hierarchy of needs” which encompasses three basic needs, namely food, shelter and clothing. He mentioned that it is vital to work together to achieve the objectives of the Janasevana Programme and that it was important to consider diverse views on the implementation of the Janasevana National Housing Programme. Mr. Weeratunge emphasised the need to look at Sri Lanka’s traditional technologies as well as the country’s climatic/weather patterns when implementing housing projects. He mentioned that the general public faces many difficulties in constructing a house in Sri Lanka, especially with regard to obtaining approvals. Stating that the President is expecting 1 Mn houses to be built in the next five years – as articulated in the Government’s Development Policy Framework: Mahinda Chinthana, he expressed confidence that the Hon. Minister of Construction, Engineering Services, Housing and Common Amenities will achieve this target in the next five years.
Owning one’s own home is a key aspiration in a person’s life. Hence it is important to make the rules and regulations of housing simpler in order to make housing construction easier for the general public. He expressed interest in the themes of the symposium such as social housing and disaster resistance – especially in the context of recent natural disasters in Sri Lanka and the lessons learned from the 2004 Indian Ocean tsunami such as building restrictions for construction near the coastline. Speaking of technology and research, Mr. Weeratunga mentioned that we should look at ways of making the best use of technology and research – that are also cost-effective. It is necessary to look at new and innovative technology, without discarding the traditional knowledge that exists in Sri Lankan villages in construction (e.g. the use of natural light in construction to save energy). He mentioned that it is important to obtain the views of the general public in finding solutions to the housing sector issues as they have practical, innovative solutions to problems. He also mentioned assistance on housing issues formed the majority of requests by the general public for assistance from the Government. The importance of the Government’s Ten Year Development Plan “Mahinda Chinthana” was discussed and its key objective was identified as “strengthening the village”. It was mentioned that the urban-rural migrations should be carefully considered in order to find solutions to housing problems.

Hon. Wimal Weerawansa, Minister of Construction, Engineering Services, Housing and Common Amenities commenced his address by stating that the “Mahinda Chinthana” Policy framework has given a pledge to the people of Sri Lanka – to make all those who are homeless into home owners. He mentioned that current development strategies are being questioned by both the general public as well as by nature, as evidenced by recent natural disasters. He mentioned that rather than focusing primarily on the development of urban areas and cities, it is now necessary to move development to rural areas. He stressed the need to have settlements in villages and mentioned that this is a familiar concept to the Asian region.

It is estimated that over 70% of Sri Lanka’s population live in rural areas. Although the high rural percentage is considered by some analysts as a negative aspect, indicating lack of development, it has positive connotations, especially when considering the large number of natural disasters that strike large cities. The Hon. Minister stated that a house is not simply used for shelter, as it means very much more to people. When an individual owns a house, s/he becomes a stakeholder in development and is part of a vibrant community. It was stressed that the Government should play an active role in providing basic needs of the people including shelter. They should actively support and assist people in such endeavours instead of leaving matters to the private sector. Thereby, the Government will become a stakeholder in the lives of the people and a friend and partner in their lives. The development strategy of President Mahinda Rajapakse is more supportive towards the people. By implementing the Ten Year Development Plan “Mahinda Chinthana: Vision for a New Sri Lanka, A Ten Year Horizon Development Framework 2006 – 2016”, Sri Lanka is well on track to achieve several important targets. Transforming poor, homeless people to home owners is one such target. This is not simply a housing construction scheme – it is part of a larger development scheme envisioned under the “Mahinda Chinthana”.

The Hon. Minister of Construction, Engineering Services, Housing and Common Amenities concluded his address by acknowledging the support provided by UN-HABITAT in convening this national symposium. He further expressed hope that the symposium would serve as a knowledge sharing forum in which the new knowledge and innovative thinking generated would be further distilled and shared at the District/Provincial level.
Technical Session 1: Housing Needs: Social Housing and Quality of Life

Social housing has been a major contributor to Sri Lanka’s housing stock during the last three decades. Social housing programmes have a great significance to individuals, families, and communities, and to the entire country -- in terms of better living, security and balancing the housing stock between the wealthy and the poor.

In spite of many social housing initiatives launched to date, it is estimated that one third of the households in the country require either new houses or to upgrade their existing housing units. Moreover, the majority of the underprivileged people are susceptible to this need. An extremely conservative estimate to meet the existing deficit alone is estimated to be in the region of Rs. 300 Bn. In spite of successes of social housing programmes -- mainly through direct provision of grants, it has now become clear that such programmes may not be adequate to meet the scale of the housing need. Within this context, the symposium created an opportunity to look at new dimensions in social housing in the changing economic environment and identify new indicators for social housing.

Professor Siripala Hettige, Senior Professor and Former Dean, Faculty of Arts and Department of Sociology of the University of Colombo chaired the Technical Session 1. He stated that social housing is an extremely topical and important subject to Sri Lanka as a large number of people are in “poverty housing” (inadequate housing). Social housing is an important aspect in a developing country, as a majority of Sri Lankans are unable to afford a house through normal market mechanisms due to numerous constraints. The inability to own an adequate house has a direct impact on an individual and the lack of adequate housing also poses problems to a person’s overall quality of life. Sri Lanka has initiated several programmes to find solutions to the housing problem.

He emphasised that it was important to consider the house, not simply as a structure with four walls, but within a broader perspective which includes elements such as the environment, access to social infrastructure (i.e. schools, transport); access to livelihoods and disaster-resistance. It is also necessary to look at housing from a broader human settlement perspective and ensure that houses are located within settlements rather than as separate, isolated units. The access to social infrastructure, the environment it is located in, availability of amenities such as waste management, water and sanitation facilities are important factors that need to be considered in a settlement. Provision of housing should be looked at in a planned method where people should live within a community which provides them with much needed support and where problems are solved collectively. Social housing programmes should encourage private-public partnerships and strengthen the community spirit.

The Government was identified as a key player in the provision of social housing in Sri Lanka. Professor Hettige mentioned that the GOSL should be the main provider of land for social housing programmes as this aspect is not within the purview of the private sector. Professionals such as architects and engineers also have an important role to play in the construction of social housing schemes together with active public participation.

Professor Hettige further stated that the nature of social housing could vary depending on the location and the needs of the beneficiaries. For instance, where land is in short supply, community housing consisting of walk up apartment blocks (five floors) with external social infrastructure such as parks, community centres, recreation areas, day care facilities for children. But where land is not an issue, individual houses with adequate space for home gardening can be the most appropriate option. Social housing should also be considered as an investment in human development and social protection, not just shelter for the homeless.
Housing and Quality of life: A Sri Lankan Experience

Professor. U.A. Chandrasena, Department of Geography, Kelaniya

Prof. Chandrasena discussed the science of human settlements where there are clear inter-relations amongst nature, man, networks, society and “shells” (housing).

He stressed that housing is a basic human need encompassing a broad spectrum of activities. Without appropriate shelter, people cannot meet their basic needs and participate adequately in society. Therefore housing is a fundamental component of quality of life. Though it is generally identified only by the house design, a house is man’s most personalised and intimate place of living.

Article 25 of the Universal Declaration of Human Rights states: ‘Everyone has the right to a standard of living adequate for the health and well-being of oneself and one’s family, including food, clothing, housing and medical care and necessary social services.’ (United Nations, 1948)

In December 1991, the right to adequate housing was defined under international human rights law, when the United Nations Committee on Economic, Social and Cultural Rights adopted General Comment No. 4 on the unanimous right to adequate housing.

The changes in a Housing stock broadly fall under three categories: Quantitative change: due to factors such as increasing population, urbanization and family formation; Qualitative change: which looks at replacement of obsolete houses, improvement of substandard houses; and change in the relative position of householders: which results in changes to the housing stock.

In Sri Lanka, there were different growth rates of housing stock and population at successive censuses but insufficient supply of houses has created a backlog of housing needs that have to be met by an acceleration of housing development.

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<th>Growth rates of population and Housing Stock</th>
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<td>Pop/Housing stock</td>
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<td>Population</td>
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<td>Permanent housing stock</td>
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Based on censes of population and Housing
Some of the major housing problems in Sri Lanka were identified by the speaker. These problems include substandard houses, especially with inferior physical structures and locations; unequal distribution of housing supply by income groups; obsolescence of part of the current housing stock and affordability issues due to price escalation of housing. The difficulties faced by low income groups in purchasing or building a house due to lack of funds has to be specially considered. Housing provision can affect the quality of life of people in various ways:

- Housing standards that improve well-being and
- Ascertaining human security that secures life, livelihoods and ownership rights.

### Housing standards and quality of life:
- The structure of the house and space requirements
- General well-being of the people
- Standard indicators (i.e. wealth, health, recreation and material standards)
- Intangible standards

### Human security enhanced though housing provision and quality of life:
- Environmental security (i.e. from natural disasters)
- Livelihood security
- Tenure security (ownership rights)

In comparison with other South Asian countries, Sri Lanka ranks high on the Human Development Index (HDI). However, the country suffers from an unequal distribution of income. Although Sri Lanka’s per capita income is USD 2,000, it is estimated that the top 10% of the population account for 40% of the income. There are also major regional and district level disparities when considering the proportion of the population living below the poverty line in the country. Similarly, there are spatial and sectoral disparities of housing conditions measured in terms of structural features of houses, basic utilities etc. These are some of the compelling reasons why social housing is a major requirement in Sri Lanka. A decent house is the base for a prosperous family, which ensures household stability, strengthens the social fabric and ultimately enables people to make their full contribution towards the development of the country. Therefore, there should be concerted efforts to improve housing conditions in the country guided by National Policies. The “Mahinda Chinthana” Policy Framework has postulated that every family in Sri Lanka must own a house and provision should be made for more choices for housing to meet different lifestyles and affordability levels. The distribution pattern of housing needs in the country has well illustrated the need for housing policy measures to reach the backward and poor people living in peripheral areas in the country.

Improved shelter has far-reaching direct benefits for the population, such as:

(a) Raising productivity at work;
(b) Reducing absenteeism from work;
(c) Raising the level of health;
(d) Increasing the productivity of education; and
(e) Reducing the incidence of social deviation.
Any investment in housing has an effect on the national income of a country that goes beyond the direct investment itself. This is measured by an investment multiplier, the ratio of the change in national income to the initial change in the sectoral investment.

**Economic Perspective of Social Housing in Sri Lanka**

Dr. Ranjith Bandara, Senior Lecturer, Department of Economics, University of Colombo and Chairman, Sri Lanka Foundation Institute

Social housing is an umbrella term referring to rental housing which may be owned and managed by the state, by non-profit organizations, or by a combination of the two, usually with the aim of providing affordable housing. It can also be seen as a potential remedy to address housing inequality.

### Three broad approaches on social housing -- classified by Amzallag and Taffin (2003)

- **Institutional approach:** Social rentals are owned and managed by social landlords (e.g. Municipal bodies, non-profit corporations or associations), legally endorsed task to provide affordable dwellings;
- **Public assistance approach:** Rentals are social whenever they get preferential land assignments, subsidies or tax allowances or public guarantees, mostly tied to rent regulation, means testing, profit constraints;
- **Household resources approach:** Social rentals are defined as “below market rent” dwellings, open to households who cannot satisfy their housing needs on a free market.

In South Asia, although high-income groups do not face issues of housing shortages, they are a major cause for concern among middle and low-income groups. This is the result of rapid population growth, increased urbanization, high income inequality, and displacement of people due to natural disasters and conflict. Large-scale slums and informal settlements that prevail in almost all South Asian countries underline the urgency of meeting the demand for homes. There is a shortage of more than 38 Mn housing units in the region, not counting housing needs of repair or replacement. Taking into account the average household size, this translates to 212.5 Mn homeless people, which amounts to 14% of a total region’s population of 1.5 Bn. According to World Development Indicators of 2009, a
considerable share of the Sri Lankan population is estimated to be living in plantations, slums, and shanties (World Bank, 2009).

The Central Bank of Sri Lanka has estimated that the annual demand for new houses would increase at the rate of 50,000 – 100,000 units. According to the report ‘Expanding Housing Finance to the Underserved in South Asia’, the yearly incremental demand not being met is estimated at two thirds and the demand-supply gap is estimated between 350,000 – 1.5 Mn housing units, as of 2010. The National Housing Development Authority (NHDA) claims that while the demand for housing may reach around 100,000 units every year, only about half of this demand is met. Official estimates place the existing demand-supply gap at 350,000 housing units in Sri Lanka, and the overall shortage could exceed 650,000 units in 2010. Density in Sri Lanka is an outlier at 1.1 persons per room.

The Role of Social Housing

Social housing consists of about 15 – 25% of the housing sector. It is a social safety net, particularly for people who are in the lower income groups who do not have access to market facilities provided by the private sector for housing such as bank loans. Although, social housing is affected by problems in the broader housing system, it can still make a significant contribution to the housing sector. Social housing provides enhanced access to housing for those discriminated against in the private market. These housing schemes also support key workers to live near their workplaces. They also generate employment opportunities through new construction and maintenance programmes and provide security of tenure for some of the most vulnerable people in society, while addressing the problem of homelessness.

Housing is considered an essential service. It promotes social inclusion by supporting population growth through housing supply. Social housing also has an impact on non-shelter outcomes. For example, it promotes social and environmental sustainability, provides economic benefits, including supporting the economic participation of tenants.

From a purely economic perspective, housing represents characteristics of private property as it is not available in a non-competitive manner and does not have the same characteristics of a public good. However, housing economics notes the following essential differences between housing and standard market commodities:

- Housing is a heterogeneous, complex and multi-dimensional good;
- Housing is a durable good and as such it becomes subject to both consumption and investment;
- Housing is a spatially fixed good and cannot be moved from one location to another.

Economic Benefits of Promoting Social Housing

Investment in housing generates employment and has a multiplier effect on the economy. Secure housing can enhance economic participation of tenants. Housing generates wealth for individual households, while providing tax inflows to Government. It also provides cost savings to Government through non-shelter outcomes e.g. reduced crime.

Dr. Bandara suggested several lines of inquiry for housing investment, including issues of macro-economic stability – i.e. the role of the housing market and housing supply in contributing to macro-economic stability; sectoral role-- the contribution of housing sector activity (newly built and refurbishment) on the economy; labour market flexibility and skills supply and housing as an asset. He also mentioned that housing contributes to regional and local economic development and regeneration as it plays a role in attracting or deterring investment into an area. Other aspects such as housing and poverty, housing and health (i.e. what role does housing play in a healthier population and workforce) should also be considered. It is necessary to consider the role of housing investment and its impact on environmental sustainability.

Several challenges were identified in promoting social housing. The chief amongst them being supply and affordability issues. Other interconnected issues include social inclusion and geographic location (housing that is too dense may negate the benefits and to foster a sense of ‘community’ may be difficult); housing supply and increased tax receipts against housing affordability and unequal distribution is a problem across income levels. Dr. Bandara mentioned that
the poor are the worst affected group while metropolitan suburbs are the worst affected areas. When considering housing by tenure, low income, private renters are the worst affected.

The Way Forward for Housing in Sri Lanka

Delivering cost effective, not-for-profit housing is a major need in Sri Lanka. It is necessary to build on local networks and apply innovative approaches to achieve the targets of social housing. It should strengthen and develop communities and have adequate flexibility to respond to different housing needs. Leveraging the private sector and other forms of investment is needed to deliver more housing to the people. Supporting an improved social mix on large scale estate renewal projects, helping to promote community housing, responding to future growth opportunities for housing e.g. property transfers, were identified as priority issues.

In conclusion, it was felt that housing problems cannot be solved by simply providing demand-based subsidies to lower income households. New models of supply and management which involve greater partnerships between the public and private sector and more involvement by households were identified as a prerequisite to successful investment in housing – as well as new and more flexible forms of tenure. It was stressed that housing cannot be seen as separate from broader issues of sustainability and economic viability in cities or as separate from problems of worsening distribution of income and growing problems of social cohesion.

Social Housing, Regulatory Framework and Urban Planning
Ms. Indu Weerassori, Deputy Director General (Planning), Urban Development Authority

Ms. Weerassori, presenting the perspectives of an urban planner on social housing, discussed Sri Lanka’s housing regulations. She mentioned that there is a pervasive, popular view that developing countries are undergoing rapid rates of urbanization. However, compared to many Asian countries, Sri Lanka displays a relatively slow urbanization pattern. Due to prevailing patterns, the population has moved from rural to urban areas, in search of employment opportunities and better facilities. The natural increase of the population caused by migration increases the population in urban areas, where there is high land scarcity. The demand for housing is one of the most pressing issues in the urban landscape. Adequate housing becomes an essential pre-requisite in every human settlement. She stressed that a house is not simply a structure with four walls, but should be packaged with other amenities and facilities.

The scarcity of developed land and housing sites, rising cost of construction materials, high wage rates, shortage of services and amenities (e.g. water and sanitation) has pushed the housing cost beyond the reach of most Sri Lankans. As a result, a large number of people, especially those in the lower income groups, have been unable to afford suitable shelter. This is an area where Government intervention is urgently needed. In Sri Lanka, all successive Governments have identified steps to contribute to the housing sector in numerous ways and the provision of social housing for needy people has been identified as one of the main solutions to the housing shortage.

Historical Land Marks/ Milestones in the Social Housing Sector

Several historical milestones on the social housing sector in Sri Lanka were shared with the forum. These included the establishment of a separate Ministry and Department (National Housing Department) of housing in 1953 and the construction of multi-storey buildings by the Government as a solution to the housing problem. In 1973, a ceiling on housing and property law was applied. A separate authority on housing -- National Housing Development Authority (NHDA) was established in 1978 and the GOSL also launched the “Million Houses Programme”, which included the upgrading of slums and shanties. These programmes resulted in the construction of houses throughout the country. In 1979, the UNICEF Urban Basic Services Programme was launched and in 1998 the REEL (Real Estate Exchange Ltd) and Urban Service Improvement Project were established. In 2008, the Urban Settlement Development Authority was established by the GOSL.
Social Housing

The term “Social Housing” differs according to each country or geographic area, especially in the context of developed and developing countries. A commonly used definition of social housing states: “Social Housing is housing that is let at low rents and on a secure basis to people in need of housing. It is generally provided by councils and non-profit organizations such as housing associations”. Social housing provides affordable housing to people, as rents in this sector are kept low through state subsidy. It is allocated on the basis of need, and is owned and managed by social land lords. It is tightly regulated with criteria introduced by the Local Authorities.

The Government of Sri Lanka Plays a Multiple Role in the Social Housing Sector:

- **As a regulator**: providing the necessary legal framework, planning and building regulations and environmental controls;
- **As a developer**: providing new houses, infrastructure, sites and services and acts;
- **As a promoter**: inviting private sector participation with incentives; and
- **As a financial facilitator**: providing financial support through banks and other financial institutions (e.g. SMIB, HDFC).

Why Do We Need Social Housing?

Social housing is needed in a country for several reasons. It provides housing for needy and vulnerable people in society such as elderly, differently-able, ethnic minorities, economically inactive and unemployed persons. It improves the quality and quantity of underserved settlements and addresses the acute problem of housing shortages. It is also needed to fulfill the current need and to replace the deteriorating housing stock.

The Available Legal Frameworks in Sri Lanka

- Housing and Town Improvement Ordinance (H&TI)– No. 19 of 1915 (for non-declared Areas)
- Urban Development Authority Act (UDA) - No. 41 of 1978 (Declared areas under Urban Development Authority).

Housing and Town Improvement Ordinance

This was enacted with legal provisions for ensuring proper sanitary conditions in the construction of buildings and laying out public streets. Housing and town Improvement ordinance provides for the better housing for the people and the improvement of the towns. It consists of four parts and a schedule of rules and standards for buildings rooms and streets.

Urban Development Authority Law

The Urban Development law is a law for the establishment of an urban development authority to promote integrated planning and implementation of economic, social and physical development of certain areas of the county. The law provides for the declaration of any area as “Development Area” by order published in the Gazette Under section 3 with metes and bound of such area. The Authority thereafter will be responsible for the better physical and economic, utilization of that area.
The Importance of a Regulatory Framework

A regulatory framework ensures public health, safety, comfort and convenience and maintains a pleasant environment in neighborhood. It also gives people the ability to enjoy amenities and facilities, protection and security.

Technical Session 1: Discussion

The National Housing Development Authority (NHDA) recommended that people’s aspirations should be taken into account when developing social housing programmes. Enumerations should be conducted to ascertain these different aspirations and how development can be undertaken within agreed guidelines. These aspects are important when designing the location of settlements/social housing programmes. It is also necessary to take into account health and social requirements. It was mentioned that many urban problems can be solved through the creation of “mini towns”.

The need for social housing in Sri Lanka was emphasised during the discussion. Social housing is needed as the market place excludes certain people – especially with regard to affordability and access to finances. Therefore, social housing is needed to cater to marginalised people.

The concept of “gated communities” was discussed as this is a different aspect of housing schemes. Gated communities have been created by the private sector and caters to upper income groups. It was mentioned that housing can create divisions in society, and housing concepts such as gated communities are now being abolished in many countries.

Social housing is a valuable concept. However, it should be developed within a particular framework, taking into account people’s aspirations, and legal and regulatory frameworks. Integrated settlement plans that are focused on the needs of the communities should be implemented. Issues such as the environment, safety, economic and aesthetic aspects should also be carefully considered. The Ministry was requested to conduct an interactive workshop, following the symposium, to take these concepts forward.

There was some criticism with regard to implementing housing schemes/programmes without taking into account sustainability aspects. For example, giving people an eight foot approach road in a settlement does not work in the long term as it creates issues of accessing the houses and causes traffic congestion. It was stressed that housing for poor people should include all the basic amenities. Isolation of people in housing schemes was also identified as a major problem. For example in some urban housing schemes in Sri Lanka, there have been instances where local hooligans had taken over settlements and made life difficult for the householders.

In his sum-up of Technical Session 1, The Chair, Professor Siripala Hettige mentioned that several complementary perspectives can be integrated in social housing which includes economic aspects, quality of life and planning amongst others. He concluded that professionals such as architects and engineers have an important role to play in developing the social housing sector. However, he stressed that the people should not be forgotten and their desires and aspirations should be taken into account when designing social housing programmes. Hence, wide consultations with stakeholders and active public participation were recommended to take forward social housing programmes.

Technical Session 2: Current Development Strategies: Policies and Sustainability

Rapid urbanization and transformation from a rural to an urban life has created enormous challenges in relation to housing, land and infrastructure facilities in Sri Lanka. Moreover, recent natural disasters and the recently concluded conflict in the North and East have changed the housing agenda in the country. However, the absence of a housing policy and a national strategy has caused negative impacts on the sustainability of housing initiatives. The Government’s development policy framework “Mahinda Chintana: Vision for a New Sri Lanka, A Ten Year Horizon Development Framework 2006 – 2016” recognizes the urgent need to “make certain that policies and strategies are in place to ensure sustainable urban development”. One of the key objectives of the symposium was to revisit the
draft National Housing Policy and to create a framework to develop the policy through a process of participatory consultations.

Mr. A. Amarawardana, Secretary, Ministry of Public Management and Reforms chaired Technical Session 2. Mr. Amarawardana made several useful observations on the National Housing Policy and its future direction. Several aspects with regard to the policy were discussed, whether it is connected to the development priorities of the government. The country’s economic position in the next five years should also be considered in developing the policy. Development activities, especially development of infrastructure and sectoral policies were important aspects in a housing policy. Economic development policies and human development scenarios should also be considered. It was important to consider the people’s perspectives and expectations of such a national policy. The policy should be a mix between the people’s aspirations and government development policies.

Several key concerns on the current housing situation in the country were discussed by the Chair including the value system of our society and issues on urban housing and housing rules and regulations. It was stressed that housing procedures should be re-visited, and made more user-friendly for the people. Strategies to attract middle-level housing construction were identified as a major need. The housing needs of the people in disaster-prone areas should be given careful consideration especially on special structures that are disaster-resistant. The advantages of living in an e-society and the availability of market information were discussed together with opportunities of marketing housing through the internet.

Making Housing Accessible to All: The Paradigm Shift
Mr. Laxman Perera, Programme Manager, UN-HABITAT Sri Lanka

Mr. Laxman Perera discussed the challenges in making housing accessible to all and the paradigm shift that is currently taking place in Sri Lanka following the country’s achievement of Middle Income Country (MIC) status. Discussing the regional situation on housing, he mentioned that 212 Mn people (about 14% of the population) are currently homeless in South Asia. The region is experiencing a shortage of about 38 Mn housing units, with around 30 Mn people willing to pay for their houses.

With regard to the housing situation in Sri Lanka, the immediate caseload for housing in the city of Colombo alone is estimated between 65,000 – 70,000 houses. Further, there is a need for 250,000 houses in the plantation sector and for 250,000 in other districts. In the North and East, following the recently concluded civil war, an estimated 160,000 Internally Displaced Persons (IDPs) require housing. The capital investment needed for this caseload is estimated at over SLRS. 425 Bn. It is vitally important to look at the aspirations of the people when it comes to housing as a house signifies not only the gaining of a valuable asset but also provides security and a sense of stability. A house is also an indicator of social and economic success, which improves a person’s quality of life.

### Policy responses and programmes in the recent history:

- **Model 1:** Private provision with some government assistance - industrialization and providing accommodation for entry of labour to cities
- **Model 2:** Government intervention providing all essential housing components such as land, infrastructure, building materials, labour and finance - state owned housing estates/schemes
- **Model 3:** Market driven housing where the Government is moving away from building houses towards being a regulator

Sri Lanka’s achievement of middle income country (MIC) status is a significant milestone for the country. However, despite this, Sri Lanka’s housing sector faces many challenges. These include the lack of a strong rental housing market for middle and low income segments, weaknesses in the legal framework (rental act); the lack of capital investment and investor promotion; unaffordability of housing at current prices; need for more disaster resilient housing and housing standards; infrastructure/basic services for households and the lack of housing for marginalized communities.
Mr. Perera stated that the suitability of locations for housing settlements should be carefully considered, especially when revisiting the lessons learned from urban relocation programmes, recent natural disasters such as the 2011 Japanese tsunami as well as the 2004 Indian Ocean tsunami which devastated coastal communities. Housing settlement planning need to be people centred, inclusive and well connected to local authorities in order to ensure the provision of basic services for all households.

The housing sector has many value additions. For example, the housing sector has been identified as one of the major employment creators. In fast-growing economies, the housing sector has the capacity to grow at considerable speed (10% national growth translates into 14% housing growth). The housing industry creates demand for several associated industries and promotes the finance market.

Mr. Perera highlighted the need to advocate an “enabling approach” by providing new housing opportunities for people, by promoting affordable housing, ensuring diversity of size and typology, ensuring density and suitability of locations, creating infrastructure for settlements and enhancing local authority capacity for basic service delivery.

In conclusion, it was stated that a policy shift is needed in the country, where the Government should be at the centre of making housing accessible to all, in close partnership with all stakeholders including the private sector and social organizations instead of acting as the sole provider.

**Government’s Economic Policies and the Housing Sector in Sri Lanka**

**Mr. Mubarak, Deputy Director, Department of National Planning**

The Government believes that having a decent house is the foundation for a prosperous family, which ensures household stability, strengthens the social fabric and ultimately enables the household to make their fullest contribution towards the development of the economy. A well developed housing sector is considered a good proxy to measure the strength of a country’s economy and the wellbeing of its people. In view of this, the “Mahinda Chinthana” Development Framework has given high priority towards the development of the housing sector and envisages a house for every family in the country. The Government’s role in the housing sector will continue its ongoing shift from that of a developer and financer to that of a regulator and facilitator. Due to increases in income level and changing life style, the Government Housing Policy has shifted towards encouraging private sector participation in housing development and financing to meet the housing need of the middle and high income groups while the government becomes a strong regulator and facilitator. However, the Government continues its contribution towards the meeting of social housing needs of vulnerable groups such as low income families, estate communities, underserved settlers and war affected families.

Discussing the Government’s economic policies and the housing sector in Sri Lanka, the following targets are set to be achieved through rapid economic growth and a change in the structure of the economy to a modern, environmentally friendly and well connected rural-urban economy that can create a stable society with better living standards. By maintaining a sustainable economic growth of over 8 % and doubling the per capita income to above US$ 4000 by 2016, investment on GDP will be increased to 33- 35 % with sustained commitment of public investment of 6 -7% of GDP to support private investment. Hunger and hard-core poverty will be eradicated and the poverty head count ratio will be reduced up to 4 % and unemployment will be 3.2%.

The government recognises the housing sector as one of the key drivers of the economy, besides its basic function of providing shelter; the housing is a reflection of the house hold level savings. Housing, particularly construction of new houses is a major generator of employment. The development of the housing sector also underpins key local industries such as production of building materials, machinery and equipment as well as a range of services.
Key challenges in the housing sector in Sri Lanka

- Shortage of suitable land for residential purposes;
- Inadequacy of guidelines on settlement planning;
- Increase in the cost of building materials;
- Gaps in housing demand and supply;
- High lending rates of banks and low penetration of banks and micro-finance institutions into low income groups; and
- Weak credit information.

The current housing stock in Sri Lanka is estimated at 4.3 Mn while new housing units required by 2020 is estimated at 1 Mn of which 77% is permanent and 23% is semi-permanent. The distribution of permanent and semi-permanent structures varies widely from urban to rural areas. It is clear that the majority of Sri Lanka’s population still live in rural areas or villages. Trends suggest, however, that this is rapidly changing. The country is projected to have a mostly urban population by 2020.

It is estimated that Sri Lanka’s population will increase to 22 Mn by 2020. The Government has planned to develop new metro regions in the country in order to cater to increasing urban populations as well as promote economic development. It is envisaged that by 2020, the majority of the Sri Lankan population will be living in urban areas. The metro cities and regions in the country are identified as Trincomalee, Anuradhapura, Dambulla, Polonnaruwa, Colombo, Hambantota, and Batticaloa-Ampara (Map of Sri Lanka: Metro cities and Regions in the country).

The GOSL policy direction with regard to housing was presented at the Symposium. The main elements include improvement and expansion of housing stock in both rural and urban areas, replacement of semi-permanent and temporary shelters by constructing 100,000 houses a year (by 2020) and the expansion and improvements in rural housing stock in order to reduce pressure on urban-rural migrations.

It was further noted that expansion of housing will be undertaken in a sustainable manner, ensuring a minimal burden on the environment. The government also promotes a sustainable and rational urbanization for the country as “cities are engines of growth and magnets for population migration”. These urban hubs will include the development of Colombo and its vicinity as a major urban hub and the development of Hambantota, Dambulla and Trincomalee as metro regions and mega cities. Underserved settlements in urban areas will be transformed with substantial improvements made to meet the housing needs and upgrade the living conditions of vulnerable communities such as plantation workers and fishing communities.
Key factors in settlement planning:

- Population density
- Lifestyles and livelihoods
- Environmental conditions
- Socio-economic factors
- Impact of climate change
- Provision of diversified housing options
- Cater to a wide range of needs and affordability levels
- Increase availability of concessionary financing to middle and low income groups for housing

Key Strategies for the Housing Sector in Sri Lanka

- **Change the role of the Government**: The Government’s role to be changed from a developer and financier to that of a regulator and facilitator. Strategic housing investments targeting vulnerable populations should be implemented and the housing sector should be developed with the active engagement of the private sector, thereby creating a conducive environment for rapid and robust development of Sri Lanka’s housing market.

- **Ensure better coordination among agencies**: Coordination among agencies should be improved especially on the provision of services such as water supply, sanitation, transportation, utilities and healthcare while increasing the efficiency of local authorities in housing and related sectors.

- **Improve quality of housing and construction**: Modern standards and concepts of housing should be considered from the viewpoints of safety, comfort, energy efficiency and climate and disaster resilience. Modular housing technologies should be introduced and strategies to maximize land utilization and to reduce unit cost implemented. Regular repair and rehabilitation programmes should be put in place for existing housing schemes.

- **Strengthen the rental housing market**: Rental housing developers of low and middle-income housing should be provided incentives. A regulatory regime should be created to protect the rights and interests of tenants as well as developers and owners.

- **Develop under-served settlements**: Underserved settlements should be developed by introducing a programme to provide housing facilities to families through liberalisation and development of prime lands. By 2015, 40,000 apartment units are scheduled for construction for shanty dwellers and 20,000 luxury and semi-luxury apartments will be constructed in formerly underserved areas.

Implementing the above strategies will ensure that every family will have a decent, comfortable house with necessary common amenities, in culturally vibrant, environmentally sustainable and economically productive human settlements.

**“Janasevana” Housing Policy: Current Status and Way Forward**

**Mr. Gamini Withana, Deputy General Manager, National Housing Development Authority**

The 'JanaSevana' Housing Development Programme was launched in Sri Lanka in 2010 by the Ministry of Construction, Engineering Services, Housing and Common Amenities. The Programme aims to provide every Sri Lankan family with an adequate house within the next six years. It caters to the needs of diverse groups to obtain housing facilities -- from slum dwellers, low income and middle income earners and professionals amongst others and covers both urban and rural populations.

Mr. Withana mentioned that the Janasevana programme has been developed based on the Government’s Development Policy “Mahinda Chinathana” which envisages a house for each Sri Lankan family. The Programme aims to address the current housing need in Sri Lanka which is currently estimated at 663,069 new houses and 866,963 houses needing repairs.
14,000 GN Divisions in 25 districts are being targeted through the programme. The Ministry of Construction Engineering Services, Housing and Common Amenities, under the guidance of the Hon. Minister is implementing this programme through the NHDA together with committees established at District, Divisional Secretariat and Grama Niladari levels. The Janasevana programme will follow a settlement approach where community development committees will make decisions. Environmentally friendly building materials will be used wherever possible in the construction of houses.

**Salient features of the Janasevana programme:**

- All housing agencies to be brought under one mandate and work with a single purpose.
- All programmes to be implemented in an approach that is “bottom-up” as well as rural-urban and urban-rural focussed.
- For all sub programmes, government funds (from sources such as the treasury, banks, etc) will be allocated.
- The Janasevana programme targets several different target groups (e.g. rural and suburban areas, estate sector, coastal communities, low and middle-income groups in urban areas, government sector employees)

Janasevana consists of numerous sub programmes, catering to different target groups such as government officers, academics, military personnel, etc. They also target both the urban and rural sectors. Some of the sub programmes identified under the main Janasevana programme are entitled “sevana sarana”, “kepakaru nivasa”, “sasuna saviya” (linking the village temples), “viru sevana” (benefiting the armed forces), “sevana shrama saviya”, “bim saviya” (providing land); “thurunu saviya” (providing title deeds).

**Technical Session 2: Discussion**

**Developing New Metro Areas:** Developing metro areas in Sri Lanka in locations such as Trincomalee, Anuradhapura could face problems with regard to the water quality and quantity available for residents. The representative from Practical Action mentioned that the present water quality is extremely poor in these clusters. Hence, unless this problem is solved, encouraging people to settle in these areas would not be practical as they would face difficulties in obtaining potable water. He also stressed the need to consider sanitation issues from a settlement perspective in urban population zones. It is vital to look at not only individual pits for waste disposal, but central disposal systems together with alternative back-up systems.

Mr. Laxman Perera of UN-HABITAT mentioned that the issues regarding water quality in the planned metro areas of Anuradhapura and Trincomalee were important, and should be considered by city planners prior to developing the settlements. He also mentioned that the Water Supply and Drainage Board may already be looking at this issue as the poor quality water is a well known problem in these areas.

**Rising cost of housing construction:** It is important to consider the escalation of housing costs in forecasting future housing construction as well as the disaster resistance of houses. Mentioning a case in point during tsunami reconstruction, a representative from Practical Action said that initially, a house of 500 sq foot could be built for Rs.350, 000. However, after three years, the cost of construction had increased to Rs. 700,000 – 900,000. Therefore, inflation/demand in the next few years should be carefully considered in forecasting housing construction.

**Urban Sector Settlements:** There is high demand for settlements in the urban sector. However, as there is scarcity of land in these areas, alternative solutions should be considered. It was recommended that zoning of areas should be undertaken following enumeration surveys, where people’s attitudes and requirements could be mapped out. There is also a problem of congestion in urban areas and problems with the provision of basic services such as water and electricity. If these services can be given to all sectors (urban and rural) then people would be more willing to move out of urban areas. A representative of the NHDA observed that while development of high rise apartments is acceptable as housing for middle income groups, it may not be the right solution for low-income groups and that alternative forms of housing should be found.
Janasevana Programme Strategy: Mr. Anura Dasanayake, Director of the Lunawa Environment Improvement and Community Development Project commented that it is necessary to consider several critical issues in the housing sector with regard to land, finance, and regulatory frameworks within the context of the one million housing programme. Therefore, it is imperative that the Ministry obtains support from other organisations. He also mentioned that there is a need to develop a hand book on “Technical knowledge and institutional arrangements”. The Additional Secretary, Ministry of Housing and Construction responding to Mr. Dasanayake said that many issues have been solved through coordination committees under the Janasevana Programme which includes a Cabinet Sub Committee appointed by the President.

The Women’s Cooperative Bank, queried whether the Janasevana programme could include Micro Finance Institutions as they are already implementing a housing loan programme and hence could assist with the provision of housing loans. The Janasevana programme had already included Community Development Societies. However the inclusion of Micro Finance Institutions was unclear following the presentation at the Symposium. In response, Mr. Withana expressed willingness to collaborate with the Women’s Cooperative Bank in implementing the Janasevana programme.

On the question of coordination, it was mentioned that there is significant coordination taking place amongst agencies and organisations at present, on the reconstruction of the Northern Province. The necessity for a flexible, efficient coordination role in housing construction was emphasised.

The Chair recommended that housing and settlement policies should be integrated with other relevant National Policies. The National Planning Department should consider all these factors including the issue of water quality in proposed metro areas prior to developing settlements. Disaster resilience should be considered in land use planning. It was recommended that the NHDA guidelines on disaster prevention should be widely shared at the Provincial level.

Day 2: 23 March 2011: National Housing Symposium

TECHNICAL SESSION 3: A HOME WITHIN REACH: AFFORDABILITY AND QUALITY OF HOUSING

In Sri Lanka, the housing sector contributes to the national economy in various forms. It contributes to the construction industry at large and generates both skilled and unskilled employment. Housing credit is an important factor for the growth of the housing sector and access to housing finance has always been limited to a traditional approach. The domestic capital market has not been effectively explored to facilitate the housing sector, and in particular the formal banking sector had been more conservative and inflexible. This symposium provided a platform to discuss and share experiences and lessons learned in innovative financing products which could enhance the financial inflow for the housing sector.

The session Chair Mr. Don Barnabas stated that the housing credit sector is a vital area for Sri Lanka. Currently the country is at a critical stage in terms of growth, following the 30 year civil war, which came to an end in 2009. He expressed his appreciation to the organisers of the symposium for providing a platform to discuss these important national issues.

According to the 2001 survey, there are 4.7 Mn housing units in Sri Lanka. The Central Bank Annual Report of 2003 indicates a shortage of 400,000 housing units. This figure is expected to rise to 650,000 by 2010. The Indian Ocean Tsunami of 2004 had destroyed 65,000 units while 44,000 units were partially damaged. There is also a major need for housing in the North & East of Sri Lanka following the 30 year civil war between the Government of Sri Lanka and the
LTTE. He mentioned several key issues for consideration by the forum. These include the housing quality levels in the country, affordability from different perspectives and housing as an investment opportunity.

**Housing by tenure of accommodation**

Sri Lanka has high levels of home ownership especially when compared to developed economies. 89% of the housing stock in the country is owned while only 3% is rented or leased. The balance consists of 3% of houses which are free of rent and 5% that are owned by the government or by employers. In developed countries such as the United Kingdom, the percentage of owned houses is relatively low at around 65%. However, these countries do have good quality housing. The reason for such a high percentage of owned houses in Sri Lanka is due to issues with rented houses such as difficulties in evicting tenants, which results in many home owners being reluctant to rent their houses. If Sri Lanka is to create a vibrant rental market, these issues will need to be resolved.

The size of a house defines the quality of the house as it requires adherence to certain minimum requirements, such as a kitchen, living space and bedrooms. In Sri Lanka, 36% of the houses consist of a small area (0-527 square feet). According to housing standards, middle income homes should be at least 1000 square feet. 55% of housing units in Sri Lanka are made of brick. With regard to flooring used by houses, Mr. Barnabas stated that 78% of the houses use cement flooring while 15% use clay or mud. The basic cost of constructing a house calculated at Rs. 1,500 per square foot, the cost per 500 sq. ft. housing unit is around Rs.750, 000, without taking the cost of land into consideration. This would mean a minimum of 525 Bn to meet current shortages. As it is difficult for the government to meet all housing requirements, it is essential that partnerships are formed with the private sector and NGOs.

The earning capability of the country’s income earners is a vital component for consideration in housing finance. The mean income per income receiver in Sri Lanka is estimated at Rs. 10,754, while the average household income is Rs.17, 107. When considering housing loans, banking norms normally provide loans that are a maximum of 45% of the salary. Therefore, an average housing loan would be approx. Rs.7, 700. Although banks are eager to lend to people, there are macro challenges including a volatility of interest rates and an anomaly in yields – e.g. Treasury bills are higher while rent yields are low in Sri Lanka. Hence, there are difficulties in financing a house and servicing one’s loan.

Provision of housing loans is a challenge for Sri Lankan banks. This difficulty arises as 70% of the country’s population is around/below the mean income levels. Housing Finance is an attractive product for the banks; however it has challenges such as volatility in interest rates and matching tenor. A large percentage of the population requiring housing belong to the non-bankable sector. Hence providing security to obtain a loan remains a challenge while the legal cost is an added burden. The need for technical input to optimize quality and insurance cover may be vital.

It was recommended that there is need for greater investment in housing. Affordability is clearly a challenge for the majority of the people. Hence, a stable interest rate structure is needed. Savings is a key driver and innovative approaches are needed to reach the non-bankable section of the population. Wider provision of housing finance microfinance and more innovative approaches are needed to bank the un-bankable segments of the population.

**Investments in Housing: Current Trends, Opportunities and Challenges**

**Dr. Darin Gunasekera**

**Investment in Housing**

In market economies, there is a stable relationship between housing and investment. Of all investment, approximately half has always been in fixed assets, of which the predominant part has been in housing. The dominance of housing has been a feature of investment. However, the money investment in residences is not stable. On the contrary, the private sector economy of housing is always cyclical. In recent decades the housing/construction cycle has become more pronounced. During the recent global financial crisis the loss of value was estimated at US$30 Trillion.
**Urban Housing**
In commonwealth economies, public housing dates from 1921 – when the first British Housing Minister built a small number of homes for the poorest of the urban workforce. Since then, the issue of urban housing has expanded significantly and includes more than mere house planning and architectural design. It also includes solutions for the local economy such as livelihoods and infrastructure development as well as environmental concerns. The key issue for developing countries is to generate their own integrated national design. Hence, countries should plan for the development of local firms and their role as partners and entrepreneurs of the affected communities. The digital divide and solutions to urban administration also need to be considered.

**Private Sector Participation**
The key to urban housing and urban development depends on how well the local economy can harness the private sector. However, this cannot be solved by creating a sheltered, monopolistic private sector. Instead, it should be competitive and also include communities and social entrepreneurship from low-income levels. The private sector perception of the urban challenge is different to that of the Government. For the private and social entrepreneur sector, the challenge is in harnessing the bottom of the pyramid (BOP population) into development and the property and financial holdings ladder. This means that a variety of real estate and infrastructure professionals and business firms must be developed.

**OBSERVATIONS ON CURRENT TRENDS**
- The “Haussmann” type of planning method is no longer used. People are no longer forced to adapt to plans developed by the planners.
- In the developed countries, an increase in development by subdivision has been observed.
- There is an apparent divide in directions in the major developed or developing country activities and these may be termed as a tendency to a central concept as in the “Renaissance” or “Sustainable” model on the one hand and the “Subdivisions” model on the other. The latter seems to be more practical and is the main model used today.
- In most developing countries there seems to be a furtherance of the International style and concepts.

In developed economies, a further phenomenon has been observed – namely, the rise of de-population of some cities and urban areas while others thrive. While this has been a feature of mature industrialization, the permanence and effective declines are now becoming more numerous. On the other hand, in developing countries, impoverishment and implosion of cities has been observed while there has been corresponding throttling of growth and explosion of the poor population of other cities. This economics must be seen in tandem with the globalization effects on urban areas. This is the rapid and continued rise of urbanization, with more than half the world’s population now living in dense urban areas. Due to the rise of poverty, the rise of slums or shanties is increasing at an even greater rate.

**The Case Study of India**
With globalization, the problem of inner city breakdown has worsened in India. When the World Trade Organisation (WTO) became operational, India had 34 million workers in the textile industry, with almost all workers living in city centres. This meant that the city centres had large unemployed but skilled pools of labour. India has solved this problem using two key features. Firstly, the Indian Constitution requires planning to be at the Local Government level – which is the highest permissible level of planning. The

**The REEL concept**
The REEL concept was formulated as an alternative to ‘supply driven social housing’. The concept is based on land sharing and trading with new housing units between the government and the slum dwellers. This process enables the government to use prime lands which are occupied by the slum dwellers for urban development while providing decent housing as an alternative to slums. The key is the mobilization of the capitalization of the wealth of the city in the form of the land value of slums.
other key feature is the existence of a Federal Prize pot of over a trillion Rupees, regularly re-ﬁlled, called the Jawaharlal Nehru Trust Fund. The local based projects may apply for grants under this fund and a 50% grant is provided regularly. There is intense competition for these grants by the private sector. The Indian case study is a good example of the development of a strong domestic sector. The recent plan termed “The President’s Plan for the end of slums in ﬁve years” is also an important element. Although it would take several years for the contours of this solution to become operational, it will probably become a third feature on which urban development will take place in the country. This plan is based on an advanced model of the REEL programme – which is well known in Colombo.

Housing Finance: The Government Initiatives
Mr. Palitha Gamage, Chairman, USDA

Referring to the new Government Circular in the 2011 budget (road map/recommendations), Mr. Gamage stated that the future direction for housing finance indicates that the Government of Sri Lanka will be a facilitator rather than a ﬁnancier. With regard to government ﬁnancial institutes, he mentioned that the state banks such as State Mortgage and Investment Bank (SMIB), HDFC and NSB currently account for 65% of the housing loans disbursed in the country. However, due to income anomalies, only 3% - 4.5% of the Sri Lankan population has made use of these loans.

Mr. Gamage mentioned that it is important to ascertain where other home builders obtain their funds from and that the Government’s role in facilitating housing ﬁnance should be further discussed. Some of the key reasons for people not to consider housing loans include the existing legal frameworks (i.e. providing property as collateral) and their repayment capacity. It is also important to consider whether tax revenue could be used to fund social housing due to the existing gaps in income.

The Government’s Development Policy Framework “Mahinda Chinthana” refers to the urban-rural divide. Hence it is vital to take the large percentage of the rural population into account, when looking at housing ﬁnancing. The main challenges in housing are the high interest rates of banks and the high cost of building materials.

Some of the key recommendations include changing the Government Policy on housing ﬁnancing, catering to the majority of Sri Lanka’s population – which is rural-based. Finding practical solutions to providing ﬁnance for the poor; establishing rural housing cooperative scheme to build houses through community participation. The challenges of the Banking sector should be addressed especially by making the provision of loans more ﬂexible, so that a larger number of people in the low to middle income groups can access banking ﬁnance.

Low-income housing credit: the emerging market
Mr. D. Vidana Pathirana
Assistant General Manager, Business Development and Marketing, HDFC Bank

The emerging market of low and middle Income housing ﬁnance amounts to 30% of the housing ﬁnance market in Sri Lanka consisting of 6.9 Mn people. The National Housing Need is estimated at approximately 5.36 million units (based on Central Bank of Sri Lanka Annual Report, 2009 and The World Bank Report on housing ﬁnance 2007). The Housing need is currently counterbalanced by approximately 4.71 million existing housing units. However, about 1/3 of the existing stock is estimated to require substantial upgrading or rehabilitation, particularly in the North and East.
On the basis of the estimated National Home Need and available Housing Stock, the approximate need of new houses in Sri Lanka is estimated at 650,000 units. With the additional requirement for resettlement in the North and East, the current National Housing need is estimated at over 1,000,000 units. However, the effective demand is much smaller than the current housing need, as demand is determined by the ability and willingness of households to pay for a home. The factors that determine the ability and willingness (market attributes) to pay for homes include the following – affordability to pay for a house; accessibility to housing finance; cost of construction; self manageability; with own construction and willingness to pay for the construction of a house.

Low Income Housing Credit consists of 30% of the households in Sri Lanka. This percentage signifies those who have the capacity and willingness to pay for affordable home credit, but lack accessibility to formal finance. However, this is the key emerging market for housing credit. It reflects the entire Housing Finance Gap in the country – consisting of 30% of the households as well as 30% of the housing needs. It consists of 1.6 Mn households thus providing shelter to 7Mn people. It would amount to over 1,600 Mn construction sq ft. and, with over Rs 1,200 Bn construction value. For banks and other financial institutions, this is a market of over Rs 900 Bn of mortgage lending with 1.6 Mn customers. It is five times higher than the existing mortgage advances of the banking sector and consists of 17% of the GDP.

Low Income Housing Credit consisting of 30% of the households in Sri Lanka is the key emerging market for housing finance in Sri Lanka.

The main factors preventing this market from accessing credit were identified as the lack of adequate collaterals; high interest rates charged by banks, high cost of construction; high cost of land – especially in the urban sector; low penetration of banks; lack of market knowledge and lack of supporting documents with proof of income in order to obtain housing loans from banks.

The potential demand for housing finance by this segment is much higher than their effective demand. Hence, new lending approaches are required to expand access to finance. However, Mr. Pathirana recommended that banks should actively promote financial inclusion by accessing this market.

The methods used by HDFC Bank to service this target market were discussed in detail by Mr. Pathirana. The Bank uses several innovative methods which include exercising a more personal banking approach in credit evaluation, as opposed to normal commercial lending. Certain key challenges are addressed through the following innovative methods. To rectify the lack of adequate collaterals – HDFC accepts alternative properties, personal guarantees, institutional guarantees and group personal guarantees. To address the current high interest rates charged by the banks, HDFC strives to charge the most competitive interest rate available in the market. As a solution to the high construction cost, HDFC promotes sustainable and affordable housing, accept joint applicants and have increased repayment periods. To counteract the high land costs, which makes building houses difficult for most people, HDFC accepts joint applicants and increases the period of repayment. To remedy the lack of market knowledge and banking experience of the customers, HDFC captures them as valued savings customers through a mobile banking service. The
bank promotes financial inclusion and build proof documents through savings. At the same time, the HDFC bank promotes savings and savings habits. The low penetration by banks is considered an opportunity to reach more customers by the HDFC.

HDFC Mobile banking in operation in Colombo

The main market for HDFC Bank is in the urban sector, with over 100,000 customers in Colombo. The majority of the customers are daily wage labourers working in the local authorities, fish markets and vegetable markets. Other customers include pavement hawkers, small shop keepers, fishermen, carpenters and shop assistants.

HDFC has identified several key lessons from these banking initiatives. It was found that the low-income target groups thus identified earn a good income and silently make a major contribution to the economy. However their Income is not adequately managed and they are uncomfortable with obtaining credit and have minimal financial literacy, although they are good paymasters. Therefore, tapping into this “unspoilt” market provides new opportunities for banks to enter the low-middle income sector.

Sustainability of a National Policy for Housing in Emerging Economy
Professor Ashu Marasinghe
Chairman, State Engineering Corporation

Professor Ashu Marasinghe, discussing Sri Lanka’s National Strategy on housing, mentioned that it is important to look at a housing model which gives priority to developing villages and rural areas rather than centering development in cities. He also stressed the need to adopt “home-grown solutions” to housing problems in Sri Lanka.

Discussing the history of Sri Lanka’s National Housing Programmes, Prof. Marasinghe mentioned that since 1979, the NHDA had built approximately 78,000 housing units – thereby housing 150,000 families in Colombo. He also discussed the global mandate and tagline of UN-HABITAT - the United Nations agency for human settlements -“Promoting sustainable urban development”. He stated that UN-HABITAT has an urban-centred model judging by the taglines of the past decade which deals mostly with cities and urban areas and questioned whether an urban-centred model was right for Sri Lanka, as nearly 80% of the population live in rural areas.
Professor Marasinghe mentioned several important issues for discussion at the symposium including the need for more affordable homes, revitalising the private sector; provision of decent social housing; developing construction skills; construction of healthy and safe homes; rural housing and the need for understanding and developing sub-regional needs and capacities.

Key strategies for future growth in the housing sector were discussed by the speaker. These include reducing housing costs through new and innovative construction technology; providing government incentive programmes for investors; further developing housing financing markets; strengthening professional housing finance associations; collecting statistical data and information for a well-functioning housing market; providing housing and housing finance education for the public; ensuring housing and energy independence; climate change; health care reform, and infrastructure revitalization.

**Technical Session 3: Discussion**

**NHDA Supported Housing Programmes:** With regard to NHDA’S contribution to national housing since 1978, The NHDA stated that more houses had been built and/had been supported by the agency than previously mentioned by Professor Marasinghe. The NHDA further explained that they had implemented several housing projects, where they have helped low-income settlements, e.g. canal bank relocation projects as well as fisheries sector housing projects in areas such as Dehiwela and Wellawatte. Due to the uncertainty of housing data, it was recommended that an independent Housing survey be undertaken by an agency such as UN-HABITAT as there was a dearth of proper verifiable data.

**Mandate of UN-HABITAT:** Discussing the mandate of UN-HABITAT, Mr. Laxman Perera explained that the organisation’s tagline “for a better urban future” is a global mandate which is changed annually, based the theme selected by the UN-HABITAT Governing Council—which is represented by 58 member states. He advised that Sri Lanka, as a member of the Governing Council could also bring suggestions on new “taglines” for UN-HABITAT at the next meeting. He further explained that UN-HABITAT works on many other sectors in addition to the urban sector as the organisation’s mandate is to specifically work within the policies of the government and principles of the country. Hence, in Sri Lanka, UN-HABITAT has worked on the reconstruction of houses following the Indian Ocean Tsunami. Also, at present, given the Government’s policies and priorities in the reconstruction of the North and East, UN-HABITAT is constructing 10,000 houses in the Northern Province.

**Urban-Rural linkages:** Mr. Perera stated that by 2020, over 40% of the country will be urbanised, with 231 urban development areas already gazetted by the Government. However, this does not mean that the rural sector will migrate to urban areas. Instead, rural areas will become increasingly urban. He further mentioned that UN-HABITAT’s urban-rural linkages advocates providing urban services to rural areas. Practical Action recommended that urban areas should be improved and the country’s existing green areas and hills should be protected as much as possible, due to their conservation importance as watersheds and forests.

Professor Mahanama stated that state involvement in housing finance is vital and that different funding options should be considered by the Government. While it is heartening to note that the Government is discussing housing in this forum, there is need for further detailed discussion on policy frameworks, especially on urban-rural linkages.

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<table>
<thead>
<tr>
<th>Potential strategic hierarchy:</th>
<th>Features of housing strategies:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• National Government Targets</td>
<td>• Reflect national and regional objectives in the local context.</td>
</tr>
<tr>
<td>• Regional Housing Strategy</td>
<td>• Closer integration into community strategies.</td>
</tr>
<tr>
<td>• Regional Spatial Strategy</td>
<td>• Should be developed along housing needs, rather than administrative boundaries.</td>
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<tr>
<td>• Regional Economic Strategy</td>
<td></td>
</tr>
<tr>
<td>• Community Strategies</td>
<td></td>
</tr>
<tr>
<td>• Housing Market Strategies</td>
<td></td>
</tr>
<tr>
<td>• Local Service Delivery Plans</td>
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</tbody>
</table>
mentioned that Sri Lanka has no clear urban-rural division. Instead, a transformation takes place where the lifestyles of the rural people become increasingly urbanised. He advised that different strategies are needed for the housing issues in urban and rural areas. While urban housing issues are more visible, the rural sector has its own unique issues.

Mr. Darin Gunasekera, explaining the REEL concept, commented that 791 houses had been built through this programme. The REEL scheme had depended on a method of planning titled a nodal approach. When using a nodal approach – the value of the land needs to be increased. He highlighted the need for management corporations in urban high rise apartments to manage the building maintenance, as this has become a critical issue in several apartment complexes in Sri Lanka (e.g. Serpentine flats). However, it is unclear whether communities could manage this process or whether the government should step in. He mentioned several unsolved problems in high rises such as the issue of washing and drying of clothes due to limited space and open areas.

CORE House Concept: Discussing the concept of CORE houses, Practical Action recommended building CORE houses as a solution to the problem of inadequate housing finance for low income groups. The CORE house construction will give the flexibility of constructing the house in several stages, thus providing flexibility for repayment. Banks will also find financing these types of houses easier as large amounts of funding is not needed. The majority of houses needed in the country are for people who need a house of about 500 sq ft. The core house concept is implemented through incremental building. The first stage consists of laying the foundation for 500 sq ft and building only 300 sq ft. Thereafter, additional rooms can be added when further funding is available. It was mentioned that housing requirements would differ according to the communities.

TECHNICAL SESSION 4: TECHNOLOGY FOR AFFORDABLE HOUSING AND DISASTER AND RESISTANCE

Affordability is a decisive factor for many people when building a house. It is widely observed that the majority tend to compromise desirable attributes such as durability, good indoor air quality and lighting. This results in frequent maintenance which is not feasible due to high cost and consequently such maintenance is neglected. This leads to an increase of a dilapidated housing stock unsuitable for occupation and causes health hazards. Therefore, it is important to share knowledge on workable low cost housing construction methods and building material, and introduce environmentally friendly, disaster resistant housing.

Professor Mahanama, Dean, Faculty of architecture, University of Moratuwa providing an overview on the theme “Technology for affordable housing and disaster resistance” stated that housing encompasses a broad spectrum of elements, as it provides safety, security and shelter to the family. As housing is a complex subject with many elements, it requires a holistic approach. It is necessary to look at constructing affordable houses that are disaster – resistant and to consider a person’s ability to pay for housing as well as other essential services. He mentioned that Sri Lanka had experienced several technological advancements during the pre and post independence times. As a result, there has been a blend of different technologies in the design and construction of houses.

Sri Lanka’s unique vernacular architecture should be considered in housing construction as it incorporates local knowledge, traditional building material, and human resources. Vernacular architecture epitomised a type of technology that was used to build the different elements of the house which ensured regular airflow, ventilation and safety, which were integrated in the design of the house as well as the type of building materials used. However, the country’s architectural tradition underwent significant changes during the 1950’s, when houses were built following the American architectural tradition.

To-date, the country has used different types of technologies, especially with the introduction of new building materials such as asbestos and concrete blocks. There have been some innovations with regard to new technologies – such as the use of pre-cast concrete. However, these technologies did not gain adequate popularity amongst people. The Moratuwa University had also introduced several innovative technological breakthroughs in building technology. In addition, many private companies introduced new technology to Sri Lanka during the post-tsunami period, which
saw many housing projects being implemented in Sri Lanka. However, in most instances, these were found to be inappropriate for our climate.

Several reasons have been identified on the lack of popularity of new technologies. For example, the lack of skilled labour had been the main reason that led to the decline in the use of pre-cast concrete. Similarly, the perceptions and attitudes of people also play a major role in the adoption of new technology. In general, most Sri Lankans prefer to build their houses using traditional building material such as bricks, cement and wood, due to issues of social acceptance and prestige as well as perceptions of durability. In addition, there have been practical problems in maintenance of material made of new technology, which needed replacement with traditional materials.

Prof. Mahanama stressed that adherence to proper housing standards and regulations were vital when using new technology. Non-compliance of regulations especially in relation to light and ventilation could lead to health-related problems of the occupants.

Until recently, the need for disaster resistant housing was not considered a priority area in housing in Sri Lanka. It was mentioned that technology should be flexible and dynamic and that disaster resistance in housing is an important issue that needs to be addressed. The need for a building code for disaster resistance was noted. It was also observed that using inferior material in housing construction would be counter-productive; as such houses are unlikely to withstand the force of natural disasters. The types of building material that should be used in disaster resistant housing, especially for roofing (for cyclone-prone areas) and flooring (for flood-prone areas) also needs careful consideration. When building disaster-resistant houses, it is important to consider climatic factors such as excessive heat and whether families would be able to live comfortably. The construction industry has a clear responsibility towards ensuring that social housing is safe, whilst adhering to health standards.

Innovative affordable housing initiatives – the Sri Lankan experience
Mrs. G.W.T.C. Kandamby

The increase in demand as well as the rising cost of traditional building materials in Sri Lanka has made it imperative that alternative materials for house construction be used. Mrs. Kandamby presented an innovative case study from Sri Lanka of a cost-effective, environmentally friendly building material that can be used in housing construction. This is the use of cement stabilised rammed earth (CSRE) technology for load bearing walls for single and two storey houses which has been developed by the CHPB. This innovative building material has been successfully used to build single storey houses in several locations in Sri Lanka such as Hambantota, Ambalangoda, and Awissawella.

Cement stabilized rammed earth is an alternative building material that is also eco-friendly. The building process starts with a normal rubble masonry foundation and provides monolithically casted 150 mm thick wall on DPC of single storey house with the assistance of a slip-form or ply wood mould. The steel slip-form which was introduced by Dr. A. N. S. Kulasinghe is used as the mould for making walls. The cement and soil 1:10 mixture is made with little water, 150 mm thick layer of this mixture is placed in the mould and compacted manually using a steel hammer to achieve 1.65 compaction. It is found that this wall has good crushing strength so that it can be used for load bearing walls of single storey houses. The same technology can be adopted for two storey houses where the ground floor walls have to be increased to 240 mm by keeping 150 mm thick walls in the upper floor. On-site soil can be used if it is of the right consistency and a sedimentation test needs to be conducted. The composition of good soil for preparing
these walls should consist of 5-20% gravel, 45-60% sand, 25-35% silt and clay. Since the soil mixture contains cement, constructed walls need to be cured well for a period of at least seven days. Curing can be commenced the next day by keeping the wall damp with a moist covering or any other method, except pouring water under pressure.

Using cement stabilized rammed earth walls is a cost effective method of building one’s house, as the earth that has been excavated from the building site during initial construction activities can be used. A housing project in Amabalangoda had successfully used soil that was excavated at the site, thereby minimising the cost of construction. However, Mrs. Kandamby mentioned that the selection of soil should be carefully undertaken and a sedimentation test (jar test) should be done in order to ensure the soil has the right ratio of sand, gravel and clay that could be used for this product.

Cement stabilized compressed bricks (CSCB) has also been introduced as a cost effective technology where the mixture of soil and cement (12:1) is compressed in the machine. These bricks can also be purchased from the market – in the form of inter-locking bricks, lintel bricks, etc. However they can be easily made at the building site, especially in rural areas, if appropriate soil is available.

The houses constructed with compressed stabilised earth bricks or cement stabilized rammed earth walls were found to be much cooler than houses constructed with other bricks or cement blocks as the use of soil has a superior cooling effect. Since walls are constructed in steel moulds or ply wood moulds, surfaces of the walls are very smooth so that additional plaster is not required. Walls can be finished by applying soil cement plaster using a brush and a mason trowel.

The initial success of this product has created demand in the housing sector and it has recently been used to build a two storey house. Mrs. Kandamby mentioned that walls in two storey houses can be built with this technology by designing the walls as per the masonry code of practice BS 5628. Since the house is a masonry structure, traditional reinforced cement concrete columns and beams are not required. Therefore it will further help to reduce the cost of the foundations of two storey houses.

**Building Environmentally Friendly Housing**

**Mr. Conrad H De Tissera**

Since the early part of the 21st century, there has been increased awareness about environmental issues. As the effects of climate change are felt across the world, Governments and individuals are taking building eco-friendly houses much more seriously. Mr. De Tissera discussed the phenomenon of environmentally friendly housing -- also referred to as eco-friendly housing or green building for homes.

An eco-friendly house is a house that has been specifically designed and built to save energy, promote healthy indoor air and have much less impact on the environment.

Not only are eco-friendly homes good for the environment and the future of our planet, but they also have many advantages for the homeowner such as lower utility costs and healthier air quality. Building environmentally friendly houses require attention to the total process of building, including site selection, defining functional characteristics, design, choice of building materials and construction methods, and end use.

Site selection should be done avoiding excessive cutting and filling, situating and orienting the house to take advantage of natural light and ventilation. Special attention is needed when building houses in disaster prone areas. One consideration in the selection of a site involves avoiding excessive cutting and filling of the land as it not only involves high costs but also contributes to instability of slopes that can trigger landslides, generation of dust and obstruction to natural drainage systems. Building split level housing reduces the need for excessive cutting and filling.
In sites with a high water table, specifying a high floor level ensures a damp free environment inside the house and facilitates sewerage disposal. Sites where rain water discharge can be an issue, avoiding obstructions to natural drainage and fixing the floor level at a suitable height above the access road would be required. Construction of a house in a flood prone zone may require building it on stilts.

A design allowing for un-built areas in the plot for environmental reasons is a good practice. With strategic window placement, natural ventilation can be maximised. Choosing wide eaves to overhang the walls will provide shade from intense sun and roofs can be used for collecting rainwater.

Eco-friendly materials are those which are locally produced, natural, sustainable, and require minimal processing when they are manufactured, and non-toxic. Materials requiring little transportation to the site, materials that are available naturally requiring minimal processing, locally produced or available, and sustainable over time are some of the considerations. Use of stone found locally in slip-form moulds to construct walls has been successfully tried out in Sri Lanka. Stone can be used for decorative features as well as for load bearing purposes. Selecting used construction material for the building is also a useful eco-friendly practice. However, there are certain cultural and spiritual issues in using used materials – as some people are reluctant to use these materials.

Specifying the over-use of clay bricks and tiles means irreversible impacts on the environment in mining clay, leaving abandoned hazardous quarry pits and use of firewood for the burning. Use of recycled brick or concrete blocks is a good alternative option. Use of doors or windows from construction sites or remodelling projects is eco friendly as it eliminates the need to process new wood and also eliminates waste in landfills. Inspection of the materials before removing them from current locations is necessary to ascertain suitability and functionality.

Timber is a sensitive item in housing construction. Although the use of timber is necessary for structural reasons, excessive use of timber should be discouraged as they have very serious environmental consequences. As the felling of trees depletes forest cover, the use of timber in manufacture of building components (doors and windows), furniture and fittings should be minimized. Use of borate pressure treated wood, resistant to fungal decay and termite damage is an alternative. These trees are fast growing and replenishable in the short term, compared to user-preferred hard wood that have long term affects of depletion of permanent forest cover. Use of bamboo wood where possible which is quite hard, durable, fast growing, and naturally mildew, insect and water resistant, is also a good option.

Construction methods where possible should be labour intensive, saving on machine use and energy consumed. Dust control and minimizing use of water and energy during the construction process is environmentally friendly. Purchasing only the material needed to avoid waste and planning the work to avoid over purchasing of materials is also an eco-friendly practice.

Finally, on the end use of the house several environmentally friendly practices have been identified. For example, installing water saving devices in the home, on sinks, showers and the flush of the toilet, reusing water by installing a rain water tank for flushing the toilet, doing laundry and watering the garden are eco-friendly practices. Installing solar panels for heating water and purchasing energy efficient appliances and light bulbs is an option. Therefore getting the most energy efficient household appliances that is affordable is necessary. Setting up compost bins to recycle organic material and waste is an eco friendly activity. The compost thus produced can be used as fertilizer in the garden. All these activities will contribute towards making your house more environmentally friendly.
Discussion on Technical Session 4

Vernacular architecture: With regard to a query on the use of vernacular architecture, it was explained that this type of architecture is now becoming increasingly popular. It has been found that many architects and home builders seem to prefer to revert to using vernacular architecture especially as its benefits in ventilation (thermal comfort inside the house), light, air flow has been recognised.

Bamboo as eco-friendly building material: The Housing Consultant from Practical Action mentioned that his organisation promotes the use of eco-friendly material in housing construction projects. Currently three varieties of bamboo are used in several South East Asian countries in construction activities such as scaffolding, flooring and reinforcing. However, in Sri Lanka, only one variety is suitable for construction and there is a dearth of supply to meet construction needs. Therefore, it was suggested that bamboo plantations should be promoted as alternative building material.

Low cost technologies in housing construction: Several participants mentioned that low cost technologies were not popular in housing construction, especially as many people considered them inferior. There is also social stigma attached to using such technologies/building material amongst people. The National Housing Development Authority (NHDA) further recommended that new technologies should be introduced at the grass-roots level.

Using low-cost technology for high-rise buildings: On the question of using low cost technology for construction of high rise buildings in Sri Lanka, Prof. Mahanama stated that low cost technologies should not be used simply due to cost factors – especially if such technology is unsafe for high rise construction. He stressed that it is necessary to use traditional material such as steel and concrete in order to ensure a sound structure. However he mentioned that high rise buildings should not be considered the only practical answer to the housing problem. Instead, there can be low-rise alternatives (ground + three floors) that are more suitable for Sri Lanka. Although high-rise buildings are advantageous for certain segments of the society, there are inherent problems in using high-rise buildings especially for low income households as per the model used in China and Singapore. He reiterated that if land is available, it is more beneficial to look at constructing low rise buildings.

Janasevana Housing Programme: A question was raised whether the implementation of the Janasevana Housing programme would terminate the granting of housing loans through the Samurdhi Programme. 25,000 houses have been built through loans by the Samurdhi Programme using people’s participation. However, this initiative has now ended due to the Janasevana Programme. The Deputy General Manager of the NHDA assured that Janasevana and Samurdhi could work together to implement these activities, which would otherwise result in a duplication of efforts.

It was stressed that in order to implement the Janasevana Housing Programme in Sri Lanka, it is necessary to have participation of all relevant stakeholders and to transfer technology to the rural sector. Mobilising the village/community leaders to implement this programme should also be considered.

Best technology for housing programmes: Prof. Mahanama mentioned that it is difficult to identify the best technology that can be adapted for housing programmes. He recommended the establishing of a consortium with Government agencies, Universities and NGOs - who could collectively bring forth recommendations on the best technology for housing programmes.
RECOMMENDATIONS AND CONCLUSIONS

Key recommendations arising from the National Housing symposium:

1. **Housing policy and strategy**
   - **Policy initiatives** - The preparation of a National Housing Policy was identified by the symposium as an urgent need for Sri Lanka and it was emphasized to expedite the preparation of the National Housing Policy which is currently at the drafting stage. It was also recommended to adopt a wider stakeholder consultative process prior to the finalization of the National Policy.
   - **Strategy** - The urban and rural housing sectors have different issues and challenges. Most of the urban housing issues are centred on under-served settlements. In the rural housing sector, issues are largely centred on the cost of construction and affordability. Therefore, the symposium recommended the development of a road map for the housing sector with all relevant partners, with the Ministry taking the lead role.
   - **Partnerships** – The private sector and the Micro finance sector play a vital role in the housing market. It is important to create a synergy between all partners and actions. In this context, the Ministry of Housing needs to play a coordinating and enabling role, to bring all partners together. UN-HABITAT could provide consultative support in the development of the National Policy.

2. **Using new technology in housing construction**
   - **Disaster resistant housing**: Disaster resistant housing has become an important element in housing construction today. The types of natural disasters and their characteristics should be identified and appropriate technologies should be used in housing/settlement construction.
   - **Innovative technology**: It was recommended that all agencies engaged in housing construction using new/innovative technologies should be brought together to share knowledge in one platform. Also, technology that is appropriate for rural housing should be given adequate prominence.
   - **Cost effective technology**: It was recommended that a pilot project be developed to build houses using affordable housing technologies with the combined technologies of institutes, e.g. CHBP, University of Moratuwa.

3. **Recommendations on Housing Finance**
   - **Innovative housing finance products**: Instead of the rigid and inflexible housing finance/loan schemes that are currently offered by the banks, it was recommended that a people-friendly method of housing finance be introduced through the intervention of the Ministry.
   - **Fund generation**: Finance for pro-poor housing should be generated through non-traditional approaches and by exploring new windows such as cess funds and tax rebates.
   - **Coordination**: It is important to create a conducive and vibrant housing finance market in order to create easy access to housing credit for people. To achieve this task, a strong coordination mechanism including the participation of the Central Bank and Finance Ministry should be established.
   - **National Steering Committee on Housing Finance**: It was proposed to establish a National Steering Committee on Housing Finance in collaboration with all housing finance institutes.

4. **The Need for Social Housing Programmes and Recommendations for Future Development**
• **Social Housing**: It was observed that social housing should be developed within the concept of human settlements – to address people’s needs and improve their quality of life. Social housing should not be undertaken as a profit making venture. Housing should be considered beyond providing shelter. Housing has other connotations – such as housing and poverty, health, environmental sustainability.

• **Reaching disadvantaged communities**: Social housing is a vital requirement to provide housing to financially disadvantaged people who are unable to find a solution to their housing problems through normal market mechanisms.

• **Social Housing as economic development**: The promotion of social housing has many other benefits other than the provision of shelter. For example, it provides new employment opportunities, provides the government with tax income, the demand for building materials increases, etc.

5. **The establishment of a knowledge network/information network on national housing**

• **Creating a knowledge network**: As the data available on housing needs to be updated, it was recommended that a new survey be conducted in collaboration with the Department of Statistics to obtain up-to-date data on housing. The National Housing Secretariat should be linked to this initiative. The National Housing Secretariat would function as a “one stop shop” in providing housing information.

6. **Some common recommendations for housing development**

- **Community participation**: It is imperative that community participation be obtained in finding solutions to the rural housing problems. A people’s campaign for National Housing Development Programmes should be introduced.
- **Housing Cooperatives**: Identify housing cooperatives and other voluntary organisations for rural housing development initiatives.
- **Innovative methods to provide subsidies for building materials**: As the cost of building materials such as timber for housing construction is extremely high, in order to construct cost effective housing, it is necessary to plant forests where tree varieties for timber can be grown and low cost timber supplied (e.g. Malaysia)
- **Coordination Unit**: A separate Division should be created under the Ministry of Construction, Housing and Common Amenities in order to coordinate the activities of the Janasevana Housing programme. It is necessary to strengthen coordination between the Ministry officials and specialists implementing housing projects.
- **Continue dialogue**: It was advised to conduct an interactive workshop (preferably every six months) to discuss National Housing issues with the Ministry and agencies engaged in housing construction.

7. **Conference Proceedings on the National Housing Symposium**

- **The Conference proceedings**: The conference proceedings (report) of the National Housing Symposium will be prepared during the next two months with support from UN-HABITAT.

8. **Recommendations to be implemented at International level**

- **Regional Initiative**: It is important to have a conference/meeting of the SAARC Housing Ministers as such meetings would facilitate the exchange of knowledge and new and innovative technologies on housing construction while strengthening coordination and relations amongst the countries.

The final session of the National Symposium on Housing was chaired by Mr.Gotabhaya Jayaratne, Secretary, Ministry of Construction, Engineering Services, Housing and Common Amenities. He mentioned that the Symposium resulted in the sharing of many innovative experiences and lessons learned from the resource persons and the participants. He stressed that the process started at the National Symposium should be carried forward especially in light of the National Housing Policy that is presently being drafted by the Ministry. In order to carry forward the recommendations of all participants of the symposium, the Secretary requested all participants to send in their recommendations on National housing issues to the Ministry (secretaryhousing@gmail.com).
In his vote of thanks, Mr. Gotabhaya Jayaratne expressed his appreciation to the Chairs and resource persons of the four technical sessions. He was appreciative of the audience participation which resulted in rich discussions and debate throughout the two day symposium. The bringing together of specialists and experts in the housing industry of Sri Lanka in one forum was considered an achievement. In conclusion, Mr. Jayaratne emphasised the importance of achieving targets and stated that the support of former Government Officials in housing is needed to successfully implement Housing programmes.
Annexes
Housing and Quality of Life: a Sri Lankan Perspective

"JANASEVANA" National Symposium on Housing

Constantinos, A. Doxiadis (1968)
Housing as a Basic Human Need

- Housing is a term employed to mean a broad spectrum of activities though it is often identified only with house design.

- The home is man’s most personalized and intimate place of living.

*Universal Declaration of Human Rights (United Nations, 1948) - Article 25, it declares:

‘Everyone has the right to a standard of living adequate for the health and well-being of oneself and one’s family, including food, clothing, housing and medical care and necessary social services.’

In December 1991, the right to adequate housing was defined under international human rights law, when the UN Committee on Economic, Social and Cultural Rights adopted General Comment No. 4 on the unanimous right to adequate housing.
Housing Needs

- Quantitative – due to increasing population, family formation, urbanization….

- Qualitative – Replacement of obsolete houses, Improvement of sub-standard houses.

- Change in the relative position of households or housing stock (filtering up)
Housing Problems

- Substandard Houses-physical structure, location.
- Inequitable distribution of supply-by income groups and rural/urban/estate sectors
- Obsoleteness of part of current housing stock.
- Affordability-price escalation, low income,
Human Security and quality of life

- Environmental security
- Livelihood security
- Tenure security

Housing Standards and Quality of life

- Structural and space Standards
- Safety standards
- Sanitation
- Services and utilities
Quality of Life

- General well-being of the people. The term is used in a wide range of contexts.

- Standard indicators include, wealth, health, education, recreation…

- Material standards and intangible aspects of life such as safety, leisure, environmental quality etc.

- The degree to which a person enjoys the important possibilities of his/her life.
The **Physical Quality of Life Index (PQLI)** developed for the Overseas Development Council in the mid-1970s by Morris David Morris based on basic literacy, infant mortality, and life expectancy.

**Human Development Index (HDI)**, which combines measures of life expectancy, education, and standard of living, in an attempt to quantify the options available to individuals within a given society.

**Happy Planet Index (HPI)** is an index of human well-being and environmental impact. A measure of the *environmental efficiency of supporting well-being* in a given country *(New Economics Foundation -NEF)*.

**Prosperity Index**: Includes both material wealth and quality of life*(Legatum Inst.)*.

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![MPI diagram](image.png)

*Note: The size of the boxes reflects the relative weights of the indicators.*

*Source: Allen and Santer, 2010.*
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<th>Country</th>
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<th>Adult Literacy Rate (%) 2000</th>
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Unequal Distribution of Income

- Per capita income around US$ 2000.
- Top 10% of the population account for 40% of the income, poorest 10% receive 1.7% of income.
- Poverty (HCl,2009) is 7.6% and mainly a rural phenomenon (82% poor live in villages).
- Housing for low income households - a priority.
- Social Housing is a prime necessity.
Proportion of population below poverty line and poverty gap ratio - 2006/07

Source: Department of Census and Statistics Sri Lanka
Poverty at Divisional Level

- Not estimated
- < 2 SD below national average
- 1-2 SD below national average
- 0-1 SD below national average
- 0-1 SD above national average
- 1-2 SD above national average
- > 2 SD above national average

The disparity is measured in terms of insufficient services and economic development. Social indicators such as access to health facilities, education attainment, housing facilities & other basic infrastructure facilities

(Dickman, 2010)
Urban Sector

- 14.6% Population
- 12.3% Housing stock
- 6.7% poor (2006/7)
- 2% unprotected wells
- 88% water sealed toilets.

Rural Sector

- 80% of Population
- 82% of Housing stock
- 62% houses with electricity
- 15.7% poor (2006/7)
- 10% unprotected wells
- 79% water sealed toilets.
Estate Sector

- 5.4% population
- 5.5% Housing stock
- 37.9% houses with electricity
- 32.0% poverty,
- 26% unprotected sources of water.
- 69% water sealed toilets.

Least developed Regions

- Poverty
  HCI(2006/7): Nuwara Eliya, Moneragala, Ratnapura, Badulla, Kegalle.


Age-sex composition of Population-Sri Lanka

Number of Registered Marriages, 2009

Source: Social Census of Population and Housing 2001
1. A decent house is the base for a prosperous family, which ensures household stability, strengthens social fabric and ultimately enables people to make their full contribution towards development of the country.

2. The housing policy of the government aims at ensuring affordable access to decent housing facilities for everyone, and thereby raising the quality of life of all citizens.

3. The housing sector is also a key driver of the economy.
The Role of Social Housing in enhancing Quality of Life

Social housing is an umbrella term referring to rental housing which may be owned and managed by the state, by non-profit organizations with the aim of providing affordable housing.

Different Perspectives: providers vs target people.

Housing Process

- Change in Housing Stock
- Change in Housing Quality
- Increase owner occupied houses
- Growth of housing related services
Process of Change in a Housing Stock

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>30.7</td>
<td>20.1</td>
<td>17.0</td>
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<td>Housing stock</td>
<td>29.4</td>
<td>12.4</td>
<td>26.9</td>
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<tr>
<td>Permanent housing stock</td>
<td>15.4</td>
<td>28.0</td>
<td>49.3</td>
<td>92.8</td>
</tr>
</tbody>
</table>

Based on censuses of population and housing.
### Occupied housing units and intercensal increase for 18 districts, 1981 and 2001

<table>
<thead>
<tr>
<th>District</th>
<th>Census 1981</th>
<th>Census 2001</th>
<th>Intercensal Increase</th>
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</thead>
<tbody>
<tr>
<td>Colombo</td>
<td>272,409</td>
<td>473,045</td>
<td>200,636</td>
</tr>
<tr>
<td>Gampaha</td>
<td>265,954</td>
<td>466,364</td>
<td>200,410</td>
</tr>
<tr>
<td>Kalutara</td>
<td>166,423</td>
<td>245,784</td>
<td>89,361</td>
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<tr>
<td>Kandy</td>
<td>178,351</td>
<td>291,454</td>
<td>113,103</td>
</tr>
<tr>
<td>Matale</td>
<td>68,208</td>
<td>168,566</td>
<td>100,358</td>
</tr>
<tr>
<td>Nawara Eliya</td>
<td>122,829</td>
<td>164,886</td>
<td>42,057</td>
</tr>
<tr>
<td>Galle</td>
<td>146,386</td>
<td>220,521</td>
<td>74,135</td>
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<tr>
<td>Matale</td>
<td>121,766</td>
<td>174,712</td>
<td>52,946</td>
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<tr>
<td>Hambantota</td>
<td>80,496</td>
<td>126,362</td>
<td>45,866</td>
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<tr>
<td>Ampara</td>
<td>77,978</td>
<td>132,371</td>
<td>54,393</td>
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<tr>
<td>Kandy</td>
<td>263,504</td>
<td>376,352</td>
<td>112,848</td>
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<tr>
<td>Puttalam</td>
<td>105,171</td>
<td>174,737</td>
<td>69,566</td>
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<td>Anuradhapura</td>
<td>117,915</td>
<td>186,697</td>
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<td>Polonnaruwa</td>
<td>46,163</td>
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<td>43,926</td>
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<td>Badulla</td>
<td>126,184</td>
<td>185,608</td>
<td>59,424</td>
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<td>Monaragala</td>
<td>51,501</td>
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<td>44,465</td>
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<tr>
<td>Ratnapura</td>
<td>158,603</td>
<td>242,882</td>
<td>84,279</td>
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<tr>
<td>Negombo</td>
<td>159,903</td>
<td>193,578</td>
<td>33,675</td>
</tr>
</tbody>
</table>

**18 Districts:** 2,496,114, 3,960,027, 1,478,913, 55.4%

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**SRI LANKA**

**THE EMERGING WONDER OF ASIA**

"My policy is that every family in Sri Lanka must own a house. To make this policy a reality, the government has already prepared a plan to construct 600,000 new houses and make ‘House Ownership for All’ a reality within next six years.

(Mahinda Chintana 2010, p. 40)"

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**Improving and Expanding Settlement Planning**

The rapidly developing and urbanizing Sri Lanka requires well-planned settlements. The government aims to ensure that Sri Lanka’s fast-expanding settlements grow in a systematic and sustainable manner through improved urban and regional planning. Consideration will be given to the specific needs of each area, such as population densities, lifestyles and livelihoods, environmental conditions, and socio-economic factors. The impacts of climate change, such as the expected increments in floods, droughts and cyclones, will also be considered and planned for.

**Disseminated Housing Options**

The provision of Sri Lankan family with more choices and options of housing to meet their lifestyles and needs is critical. Housing of varied types at varied prices—ranging from low-cost apartments to real estate family homes—will be developed to meet wider-ranging needs and affordability levels.

---

**The Development Policy**

**GOVERNMENT OF SRI LANKA**

**DEPARTMENT OF NATIONAL MINISTRY OF FINANCE AND PLANNING**
Economic Perspective of Social Housing in Sri Lanka

“JANASEVANA”
HOUSING FOR ALL
National Housing Symposium - 2011

by
Dr. Ranjith Bandara, PhD (Qld.,)

RATIONAL/BACKGROUND

- Housing shortages are not present at high-income levels in South Asia, but are a concern among middle- and low-income groups.

- This is the result of rapid population growth, increased urbanization, high income inequality, and displacement of people by natural disasters and conflict.

- Large-scale slums and informal settlements that prevail in almost all South Asian countries underline the urgency of meeting the demand for homes.

- There is a shortage of more than 38 million housing units in the region, not counting housing needs of repair or replacement.

- Taking into account average household size, this translates to 212.5 million homeless people, 14 percent of a total region population of 1.5 billion.

DEMAND FOR HOUSING IN SRI LANKA

• The Central Bank of Sri Lanka (CBSL) estimates the annual demand for new houses to increase at the rate of 50,000 – 100,000 units

• According a report titled ‘Expanding Housing Finance to the Underserved in South Asia’, the yearly incremental demand not being met is roughly two thirds and the demand-supply gap at between 350,000 – 1.5 million housing units, as of 2010

• The National Housing Development Authority (NHDA) claims that while demand for housing may reach around 100,000 units every year, around half this demand is met

• Official estimates put the existing demand-supply gap at 350,000 housing units in Sri Lanka, and the overall shortage could exceed 650,000 units in 2010

• Density in Sri Lanka is an outlier at 1.1 persons per room

WHAT IS SOCIAL HOUSING?

Social housing is an umbrella term referring to rental housing which may be owned and managed by the state, by non-profit organizations, or by a combination of the two, usually with the aim of providing affordable housing. It can also be seen as a potential remedy to housing inequality

On the lines of functions of Social housing, Amzallag and Taffin (2003) classify three approaches:

1. Institutional approach: social rentals owned and managed by social landlords (municipal bodies, non-profit corporations or associations), legally endorsed task to provide affordable dwellings;

2. Public assistance approach: rentals are social whenever they get preferential land assignments, subsidies or tax allowances or else public guarantees, mostly tied to rent regulation, means testing, profit constraints;

3. Household resources approach: social rentals defined as “below market rent” dwellings, open to households who cannot not satisfy their housing needs on a free market.

This presentation focuses on the justification of social housing providers, hence the institutional approach is given preference
ROLE OF SOCIAL HOUSING
• 15 - 25 percent of the system
• Safety net
• Affected by problems in the broader housing system
• But can still make a significant contribution,
  – Enhanced access to housing for those discriminated against in the private market
  – Supporting key workers to live near where they work
  – Generating employment through new build and maintenance programs
  – Setting industry standards e.g. design, building quality, adaptable housing
  – Security of tenure for some of the most vulnerable people in society
  – Addressing homelessness

HOUSING AS AN ESSENTIAL SERVICE?
• Housing and social inclusion
  – Supports population growth through housing supply
  – Promotes social and environmental sustainability
  – Economic benefits, including supporting the economic participation of tenants

• Impact on non-shelter outcomes
  – Housing and accommodation support
  – Promotes social and environmental sustainability
  – Economic benefits, including supporting the economic participation of tenants
ECONOMIC PERSPECTIVE OF SOCIAL HOUSING

• From a purely economic perspective, housing represents characteristics of a private property as it is not available in a non-competitive manner and does not have the same characteristics of a public good.

• However, housing economics notes the following essential differences between housing and standard market commodities:
  – Housing is a very heterogeneous, complex and multidimensional good
  – Housing is a durable good and as such it becomes subject to both consumption and investment
  – Housing is a spatially fixed good and cannot be moved from one location to another
  – High transaction costs of potential moving
  – The inability to attain perfect knowledge about the situation on the market

ECONOMIC BENEFITS OF PROMOTING SOCIAL HOUSING

• Housing investment generates employment

• Multiplier effect on the economy

• Secure housing can enhance economic participation of tenants

• Housing as wealth generation for individual households

• Tax inflows to Government

• Cost savings to Government through non shelter outcomes e.g. reduced crime
### HOUSING INVESTMENT: SUGGESTED LINES OF ENQUIRY

#### A. Macro-Economic Stability
1. What is the role of the housing market in contributing to, or limiting, macro-economic stability?
2. What is the role of housing supply in contributing to, or limiting, macro-economic stability?

#### B. Sectoral role
3. What is the contribution of housing sector activity (newly built and refurbishment) on the economy?

#### C. Labour market flexibility and skills supply
4. What is the role of housing in contributing or restraining inter-regional labour market flexibility and mobility?
5. What is the role of housing in the local/sub-regional supply of skills and business competitiveness?

#### D. Housing as an asset cont.,
6. What is the role that individual investment in or ownership of housing assets plays in macro-economic performance (linked to 1 above)?
7. What is the role that individual investment in or ownership of housing assets plays in enterprise?
8. What is the role of housing wealth to support consumer investment expenditures (e.g. on education)?

#### E. Housing in regional and local economic development & regeneration
9. What is the role of housing in attracting or deterring investment into an area?
10. What is the role for housing in helping local areas and residents become more competitive and successful?
HOUSING INVESTMENT: SUGGESTED LINES OF ENQUIRY cont.,

F. Housing and poverty
11. What is the role of housing in influencing patterns of poverty and social-mobility?

G. Housing and health
12. What role does housing play in a healthier population and workforce?

H. Housing and sustainability
13. What is the role of housing investment in impacting on environmental sustainability?

CHALLENGES OF PROMOTING SOCIAL HOUSING

• Supply and affordability challenges
• Interconnected issues e.g.
  — Social inclusion and geographic location (housing that is too dense may negate the benefits and a sense of ‘community’ may be difficult to foster e.g. estates)
  — Housing supply and increased tax receipts versus housing affordability
• Get hold of current opportunities
• Unequal distribution of the problem
  — Across income levels
    • Poor are worst affected
  — In spatial terms
    • Metropolitan suburbs are worst affected
  — By tenure
    • Low income private renters worst affected
THE WAY FORWARD

- Delivering cost effective not-for-profit housing
- Building on local networks and being innovators
- Strengthening and developing communities
- Flexibility to be nimble and respond to different housing needs
- Leveraging in private and other forms of investment to deliver more housing
- Supporting improved social mix on large scale estate renewal projects
- Helping to promote community housing
- Responding to future growth opportunities from Housing NSW e.g. property transfers

CONCLUSIONS

- Housing problems cannot be dealt with simply by providing demand side subsidies to lower income households

  - New models of supply and management which involve greater partnership between public and private sectors and more involvement by households are a prerequisite to successful investment in housing – as are new more flexible forms of tenure

  - Housing cannot be seen as separate from broader issues of sustainability and economic viability in cities or indeed as separate from problems of worsening distribution of income and growing problems of social cohesion
Out line

• Introduction/Background
• Land marks in the history
• Why we need Regulatory Frame Work
• Legal provisions and planning inputs
• Conclusion
Introduction

• There is a pervasive popular view that developing countries are undergoing rapid rates of urbanization, but compared to many Asian Countries, Sri Lanka has relatively slow urbanization pattern.

• Due to prevailing urbanization pattern, there has been a movement of population from rural to urban areas, for employment opportunities and better facilities.

• Natural increase of population with migration increase the urban population in the urban areas where land scarcity is too high.

• Due to the change of urban scenario the foremost thing is the “Housing Demand”.

• Adequate housing facility becomes an essential pre-requisite in every human settlement

• House means not only a structure. It should embarrass with other all amenities and facilities.
• Scarcity of developed land/house sites rising lost of construction materials, high wage rates, shortage of services and amenities of drinking water and sanitation etc. have pushed the housing cost beyond the reach of common man.

• As a result a large number of people especially those in the economically weaker, sections and lower income groups are simply unable to afford a suitable shelter.

• This is the place where Government intervention is highly needed.

• In Sri Lanka all successive Government so far, identified remarkable steps to contribute to Housing Sector in numerous way.

• Provision of social housing for needy people was the main theme of each and every government in the past.
Land Marks of the History in social housing sector

- 1953 – Introduced a separate Ministry and Department (National Housing Department).

- 1965 – Constructed Multi Storey building and single building as solution for Housing Problem.

- 1970 – Started provide solutions from different angles, increase the Housing Stock within the available finance resources.

- 1973 – Ceiling on housing & property law

- 1979 – Established a separate Authority, National Housing Development Authority, and launched a Million Housing Programme – Upgrade Slum & Shanties. Construction of houses throughout the country.

- 1979 – UNICEF Urban Basic Services Programme

- 1998 – Establishment of REEL (Real Estate Exchange Ltd.

- 1998 – Urban Service Improvement Project

- 2008 – Urban Settlement Development Authority
Social Housing

Term of Social Housing differ from place to place. Specially developed countries and developing countries.

According to the England definition,

“Social Housing is housing that is let at low rents and on a secure basis to people in housing need. It is generally provided by councils and non profit organizations such as housing associations”.

Social Housing, (in another countries, e.g., UK)

- Provide affordable Housing (Rents in the Social Housing Sector are kept low through state subsidy).
- Is allocated on the basis of need.
- Is owned and managed by social land lords.
- Is tightly regulated.
- These criteria are introduced by Local Authorities
Government of Sri Lanka plays a multiple role in the social housing sector,

**As a Regulator** - Providing legal framework, planning & Building Regulations and environmental controls etc.

**As a Developer** - Providing of new houses, infrastructure, sites and services

**As a promoter** - Inviting Private sector with incentives

**As financial facilitator** – Providing financial support through banks and other financial institutions. E.g. SMIB, NHDA, HDFC etc.

---

**Why we need Social Housing**

- To provide Housing for needy people of the society. (Elderly, Disabled, Ethnic Minorities, Economically Inactive, Unemployed)

- Improve the Quality and Quantity of underserved settlements.

- Address the acute problem of housing shortage

- To fulfill the current need.

- Replace the deteriorated housing stock
Sustainable and Safety Neighbourhood

Importance of Regulatory Framework

• Ensure public health, safety Comfort and convenience
• Maintain pleasant environment and eye pleasing neighborhood.
• Enjoy amenities and facilities
• Protection and security
• Free from Vulnerability
• Maintain as an assets.
Available Legal Framework

- Housing and Town Improvement Ordinance (H&TI) – No. 19 of 1915. (for Non Declared Areas)

- Urban Development Authority Act (UDA) - No. 41 of 1978.
  (Declared areas under Urban Development Authority)
H & TI Ordinance

• No person shall erect or re-erect any building within the limits administered by a Local Authority, except in accordance with plans, drawings and specifications approach in writing by the Chairman. (Section 5).

• No person shall made any alteration in any building within the limits administered by a Local Authority without the written consent of the Chairman (Section 6).

• Certificate of Conformity (Section 15 (1)).

• All buildings to be erected upon street line (Section 18).

• Notice of Intention to layout street. (Section 20).

• Reservation of Public Areas, Building of the corners of streets (Section 29, 30).
UDA Law- Law No 41 of 1978

Powers & function,

Section 8 (m)- to formulate and execute housing scheme in Such area,

Section (n)- to cause the clearance of slum and shanty areas and to undertake the development of such areas

Considerable factors for housing Development

• Zoning
• Subdivision Approval
• Provision of infrastructure
• Building regulations
Land Use Zoning Plan

Subdivisions Approval

- Plot size
- Road frontage
- Access
- Splaying of street corners
- Turning circles
- Open space
Sub Division
Access to Residential Units

Minimum width 4.5 m.
Maximum length 100 m.
access road

- Max. 8 lots
- Max. 16 units

Reg. 31-Form A

Provision of Infrastructure

- Distance between well and lavatory
- Space for drainage
- Space for recreation
- Disposal of storm water
- Provision of electricity
- Requirement for disabled
- Protection from hazards (water bodies, setbacks)
Clearance from Electric Lines

- Minimum Vertically by a distance = 4.5 m from & Horizontally by a distance = 2.5 m of High tension line
- Minimum Vertically by a distance = 2.5 m from & Horizontally by a distance = 1.5 m of Low tension line

Reg. 37

Building Regulations

- Building lines/Street lines
- Clearance from electric lines
- Parking
- Open space around the buildings
- Boundary Clearance
- Rear space
- Space inside building
- Light and ventilation for the buildings
Specifications as to Building Lines

Local Road 6 m
Lot 1
Secondary Road 9 m
Lot 1
Principal Road 15 m
Lot 1

Building Line
Reg. 33

Thank you
Challenges of Making Housing Accessible to All: The Paradigm Shift

Laxman Perera
Habitat Programme Manager for Sri Lanka

Regional Viewpoint

South Asia

- 212 million homeless – 14% of the population
- Shortage of 38 million housing units
- Housing and housing finance markets have grown 30 percent rate in the past decade-
  (limited to upper income class)
- Around 30 million are willing to pay
Immediate Caseload

- Urban housing – 65,000-70,000 in the city of Colombo
- Rural housing – each district over 10,000
- Plantation Sector – 250,000
- IDPs in the north – 160,000
- Very conservative estimate of the required capital investment – over Rs 425 billion

Challenges of Making Housing Accessible to All: The Paradigm Shift

- Aspirations of people
  - Gaining of asset
  - Security, sense of stability
  - Indicator of social/economic success
  - Improving Quality of life

*Prevent frustration and decline in productivity*
Policy Responses And Programmes In The Recent History

- **Model 1:** of private provision with some government assistance - industrialization and providing accommodation for entry of labor to cities
- **Model 2:** of government intervention providing all essential housing components such as land, infrastructure, building materials, labor and finance - state own housing estates/schemes
- **Model 3:** of market driven housing where government is moving away from building houses towards being a regulator

MIC Status And Market Driven Housing

- **Economic setting**
  - State Investment on Social housing vs. Infrastructure
  - Private developers – Up market – Cost of capital and profits
- **Social setting**
  - Self advancement – Better housing /comfortable living
Challenges

• Creating a strong rental housing market for middle and low income segments
  ○ Legal framework (rental act)
• Capital investment – investor promotion
• Reduction of cost – making housing affordable
• Disaster resilient housing
• Housing standards
• Infrastructure /basic services for households
• Housing for marginalized communities

Enabling Approach

• Bringing the provision of housing opportunities at appropriate scale
• Promote affordability
• Sufficient in diversity of size and typology
• Density and suitability of locations
• Create infrastructure for settlements
• Enhance local authority capacity for basic service delivery
Policy Shift

- Focus and flexible
- A human face, community at the center
- Space for innovative models
- Equity and inclusiveness
- Ecological footprints
- Subsidies for empowerment
- Partnerships
- Regulations and accountability
- Affordability and finance market

Value addition nature of Housing

- Housing is a big job creator
  - In fast-growing economies, the housing sector has the capacity to grow at considerable speed (10% national growth translates into 14 percent housing growth)
- Housing industry creates demand for several associated industries
- Promotes finance market
Making Housing Accessible to All

Government as a leader

Enabling framework
- Facilitator
- Regulator

Funding sources
- Implementer
- co-operator

Making Housing Accessible to All

It is building partnerships

Government

 Communities
 Private sector
 MFIs
 Civil organizations
 Int. Organizations
Government’s Economic Policies and the Housing Sector in Sri Lanka

Dr. B.M.S. Batagoda
Director General
Department of National Planning

Government’s Economic Policies

- Maintain a higher economic growth
- Reduce regional disparities in development
- Reduce poverty incidence
- Maintain the fiscal deficit at tolerable level
- Maintain the BOP at satisfactory level
- Transform the economy to a knowledge and technology based one
- Transform strategic public enterprises to efficient and pro-active entities
• Encourage the private sector
• Create employment opportunities in productive sectors
• Position the Sri Lanka in higher level of overall happiness index
• Ensure a stable society with a high quality of life

Sri Lanka : The Emerging Wonder of Asia

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<td>Population</td>
<td>Mn</td>
<td>19.7</td>
<td>20.7</td>
<td>21.9</td>
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<tr>
<td>GDP</td>
<td>USD bn</td>
<td>24.4</td>
<td>49.1</td>
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<tr>
<td>Per capita Income</td>
<td>US$</td>
<td>1,241</td>
<td>2,375</td>
<td>4,470</td>
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<tr>
<td>Inflation- GDP deflator</td>
<td>%</td>
<td>5.7</td>
<td>7.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Exports</td>
<td>US$ bn</td>
<td>6.3</td>
<td>8.0</td>
<td>18.0</td>
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<tr>
<td>Earnings from Tourism</td>
<td>US$ bn</td>
<td>0.3</td>
<td>0.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Unemployment</td>
<td>%</td>
<td>7.2</td>
<td>5.3</td>
<td>3.2</td>
</tr>
<tr>
<td>Poverty</td>
<td>%</td>
<td>15.2</td>
<td>7.6</td>
<td>4.2</td>
</tr>
<tr>
<td>Literacy rate- (15-24 years)</td>
<td>%</td>
<td>95.0</td>
<td>97.0</td>
<td>98.0</td>
</tr>
</tbody>
</table>
Housing for All- Prosperous and Healthy Lifestyle

“My Policy is that every family in Sri Lanka must own a house. To make this policy a reality, the government has already prepared a plan to construct 600,000 new houses and make ‘House Ownership for All’ a reality within next six years”

Mahinda Chinthana -2010

At Present,

• Total Housing Stock in 2007 - 4.3 mn
  Of which, 77 percent - permanent
  23 percent - semi permanent
• Total Housing Stock in 2010 - 5 mn
• Housing Sector Growth Rate - 5%
• Requirement of houses per year - 100,000
At 2020,

No. of new housing units required by 2020 - 1,000,000

Key Issues in the Housing sector

- Shortage of suitable lands for residential purposes
- Inadequacy of guidelines on settlement Planning
- Increase of cost of building materials
- Gap in housing demand and supply
- High lending rates of banks
- Relatively high house prices
- Low penetration of banks and micro finance institutions into low income groups
- Weak credit information
Future Trends - by 2020

- Population of Sri Lanka projected to be around 22 million
- Majority of Sri Lanka’s population will live in urban areas

**BUT**

Total Number of Occupied Housing units in 2001

Percentage of Housing units expected in 2020
Contd.

**Metro Cities and Regions in the country**

*Source: National Physical Planning Department*

<table>
<thead>
<tr>
<th>City Type</th>
<th>City Name</th>
<th>Target Population</th>
<th>Metro region Total</th>
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<tr>
<td>Metro City</td>
<td>Colombo</td>
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<tr>
<td>District Capital</td>
<td>Gampaha</td>
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<tr>
<td>District Capital</td>
<td>Kalutara</td>
<td>750,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>3,500,000</strong></td>
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<td>North Central Metro Region</td>
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<td>Dambulla</td>
<td>1,000,000</td>
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<tr>
<td>Metro City</td>
<td>Polonnaruwa</td>
<td>1,000,000</td>
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<tr>
<td>Metro City</td>
<td>Trincomalee</td>
<td>1,000,000</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td><strong>4,000,000</strong></td>
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<td>Eastern Metro Region</td>
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**Policy Direction**

- Improvement and expansion of housing stock in both rural and urban areas
- Replacement of semi-permanent and temporary shelters with the construction of 100,000 houses a year, until 2020
- Reduction of pressure of people to migrate urban areas with the expansion and improvements in the housing stock, combined with the infrastructure improvements in rural areas
- Expansion of housing will be done in a sustainable manner
  - Ensure a minimal burden on the delicate environmental system
Contd.

• Ensure a sustainable and rational urbanization- Because, “Cities are engines of growth and Magnets for population migration”

• Development of Colombo and its vicinity as a major urban hub and Hambantota, Dambulla and Trincomalee will be developed as metro regions and mega cities

• Transformation and substantial improvement of underserved settlements in urban areas

• Meet the housing needs and upgrade the living conditions of vulnerable communities such as plantation workers and fishing communities

---

**Strategies for the Housing sector**

- **Improve and Expand settlement planning**
  - Improve urban and regional planning to ensure that Sri Lanka’s fast expanding settlements grow in a systematic and sustainable manner
  - Factors to be considered in settlement planning
    i. Population density
    ii. Lifestyles and livelihoods
    iii. Environmental conditions
    iv. Socio-economic factors
    v. Impact of climate change
Contd.

- **Provide diversified housing options**
- Develop housing of varied types at varied prices
  ranging from city apartments to rural single family homes
  Will meet wide ranging needs and affordability levels
- Increase availability of concessionary financing to middle and low income groups for housing

Contd.

- **Change role of the Government**
- Change role of government from developer and financer to a regulator and facilitator
- Continue strategic housing investments targeting the vulnerable populations
- Develop the housing sector with the active engagement of private sector
- Create a conducive environment for rapid and robust development of Sri Lanka’s housing market
Contd.

• **Ensure better coordination among agencies**
  - Improve the coordination among following agencies
    a. Water supply
    b. Sanitation
    c. Transportation
    d. Utilities
    e. Healthcare
    f. Local authorities

Increase efficiencies in the housing and related sectors

Contd.

• **Improve Quality of Housing and construction**
  - Consider more on modern standards and concepts from the viewpoint of safety, comfort, energy savings and climate and disaster resilience
  - Introduce modular housing technologies and densification strategies to maximize land utilization and to reduce unit cost
  - Introduce regular repair and rehabilitation programmes for existing housing schemes
Contd.

- **Strength the Rental Housing Market**
  - Provide incentives for low and middle-market rental housing developers
  - Create a regulatory regime to protect the rights and interests of both tenants and developers/owners
- **Develop underserved settlements**
  - Introduce a programme to provide housing facilities to families living in underserved settlements through liberalization and development of prime lands
  - By 2015 - 40,000 apartment units will be constructed for shanty dwellers and 20,000 luxury and semi-luxury apartments will be constructed in formerly underserved areas

**Attaining of aforesaid strategies**

Ensure

- **Every Family will have** decent, comfortable housing
- With required common amenities
- In culturally vibrant, environmentally sustainable and economically productive human settlements
Thank You
“කේන්ද්රවාх” විශේෂ කුලගත් කීමය වන්නේ හා විශේෂ කුලගත් අරමුළුව 2011

ප්‍රථම විශේෂ කුලගත් පුළුල්මති

දිශයිනි විසස්වාසයක් විශේෂ කුලගත් අරමුළුව දක්වාමති කරමින්

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ඥ විශේෂ 663,069
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සමාජයේ සිංහල ප්‍රමාණයක්

විශේෂ කණ්ඩ

- මෙම් විශේෂ කණ්ඩ විශේෂ කණ්ඩයේ සමාජය ආදර්ශිතාවයේ අතර, සමාජයේ සිංහල ප්‍රමාණයක් අතර
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විශේෂ කණ්ඩ

- මෙම් විශේෂ කණ්ඩ විශේෂ කණ්ඩයේ සමාජය ආදර්ශිතාවයේ අතර, සමාජයේ සිංහල ප්‍රමාණයක් අතර
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(විශේෂවර්ය සියපැරිස්විස්ව) ප්‍රශ්නයක් මිලියන විදේශවර්ය (14000)

(විශේෂවර්ය සියපැරිස්විස්ව) ප්‍රශ්නයක් මිලියන විදේශවර්ය (332)

(විශේෂවර්ය සියපැරිස්විස්ව) ප්‍රශ්නයක් මිලියන විදේශවර්ය (25)

විශේෂවර්ය සියපැරිස්විස්ව සහ ඉඳුකාගාර

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විශේෂවර්ය සියපැරිස්විස්ව සහ ඉඳුකාගාර
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- ආරම්භය සහ ආරම්භය ආරම්භවේදන
- සිංහල දෝඩන්
- පියාංග අධිරාජවූරය
- අධිරාජවූරය රැස්ස්
- අධිරාජ සුතු ආරම්භ
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1. ආරම්භය සහ ආරම්භය ආරම්භවේදන
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රාසිලකාරී ආරම්භ තෙද ආරම්භවේදන

- ආරම්භය සහ ආරම්භය ආරම්භවේදන
- සිංහල දෝඩන්
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- අධිරාජ සුතු ආරම්භ
- අධිරාජ සුතු ආරම්භ
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ප්‍රධාන ලිපි සහ මීටරීක ප්‍රමාණයන්

- මූලාංග ලිපි
- ක්‍රියාංග
  යෝජ ලිපි / ක්‍රියා / ප්‍රමාණය
- පුරාන ලිපි
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  2. කතාවලීකතා ප්‍රමාණය
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Investments in Housing: Current Trends, Opportunities and Challenges

Investment in Urban Housing 2011

By
Dr Darin Gunasekera
Member of Global South Council on Inclusive Cities (Social Entrepreneurs/ Private Sector)

NOTES

1 **Investment in Housing**

In market economies there is a very stable and long standing relationship that holds over long periods of time between housing and investment. Of all investment something like half will always be in fixed assets and of that the predominant part in housing. There are substitutions and imputed values that regularly occur. But the dominance of Housing or investment in residences is a feature of investment.

This does not mean of course that investment in residences is stable. Quite to the contrary, the private sector economy of housing is always cyclical.

In recent decades we have seen this housing cycle or construction cycle become ever more pronounced and unstable in the world economy. Each time at the bust phase of the cycle, the amount of lost value has been larger. At the most recent crash of the world financial system, the loss of value was estimated to have been US$30 Trillion. Nearly a half of world wealth evaporated.

2 **Urban Housing**

In the Commonwealth economic world, public housing dates from 1921. Then Housing Ministers were concerned with a small number of homes to be built for the very poorest of the urban workforce. The issue of urban housing has expanded since then.

Urban Housing today includes more than planning and architectural design. It also includes solutions for the local economy (livelihoods) and its infrastructure. Along with that come issues as pollution and the Environment. The digital divide and solutions to urban administration are also part the issues.

The key issue for developing countries is to generate our own integrated and national design in this regard. It must plan for the development of local firms and the role as partners and entrepreneurs of the communities affected.
3 **Private Sector Participation**

It is now clear throughout the world that the key to urban housing and urban development is how well the local economy can harness the private sector. It also is becoming clear that this should not be done by creating a sheltered monopolistic private sector but one that is competitive and also includes progressive inclusion of the communities and social entrepreneurship from the low income end.

The private sector perception of the urban challenge is different to that of a Government or for that matter a Sociologist or Academic. For the private and social entrepreneur sector the challenge is in harnessing the bottom of the pyramid persons into development, the property ladder and financial holdings ladder.

This means that a variety of real estate and infrastructure professional and business firms must be developed. The opportunity and encouragement for this must be opened up.

**OBSERVATIONS ON CURRENT TRENDS**

4 **Planned Urban Housing**

1. The “Haussmann” type of Planner and this direction is dead. The situation where Planners planned whilst People struggled to conform to such plans has thankfully been laid to rest.

2. In the Advanced or Developed countries we can observe an increase in development by Subdivision. There are many different types of development that can be observed but the unit of work is the subdivision. This is a very decentralized model, perhaps representing a maximum in decentralization.

3. There is an apparent divide in directions in the major developed or developing country activities and these may be termed as a tendency to a central concept as in the “Renaissance” or “Sustainable” model on one hand and the “Subdivisions” model on the other. The latter seems to be more practical and is the main current today.

4. In the developing countries especially there seems to be a furtherance of the International Style and concepts.

5 **Economics**

It has to be borne in mind that the world is still very far from recovered from the 30 Trillion Dollar meltdown of 2008. All over the world the problem is still there even if in certain countries there is a return to pre-crash levels of new housebuilding.

Further to this there are some general observations that may be made. In the advanced and developed economies a new phenomenon has become serious. This is the rise of depopulation of some cities and urban areas while others thrive. While this
has been a feature of mature industrialization, the permanence and effective declines are now much more numerous.

On the other hand, in developing countries, while the root cause may be present, viz. the change of industry or resource use and globalization changes in economic location, in developing countries we see impoverishment and implosion of cities and the corresponding throttling of growth and explosion of other cities.

This economics must be seen in tandem with the globalization effects on urban areas. This is the rapid and continued rise of urbanization, more than half the population of the world lives in dense urban areas. And owing to the rise of poverty, the rise of slums or shanties or USS is increasing at even a greater rate. We are well on the way to becoming a Planet of Slums.

6 INDIA

As India is a close neighbor I would like to make a few remarks on the Indian situation.

First the bleak aspect. With globalization, the problem of inner city breakdown has got worse in India. At the time that the WTO became operational India had 34 million workers in the Textile Industry. Almost all these persons lived in city centers. This number has to drop very sharply to a fraction of this under global change. It means that the city centers have large unemployed but skilled pools of labor. There are many such industries ranging from glass, leather to small industrial goods in India.

Secondly the success. The successes in India are based on two key features. One is that the Indian Constitution requires Planning to be at the Local Government level. That is the highest permissible level of Planning. While it may be difficult for Centrist Planners to accept, it is actually quite workable for a private sector approach. The other key feature is the existence of a Federal Prize pot of over a trillion Rupees, regularly re-filled, called the Jawaharlal Nehru Trust Fund. The local based projects may apply for grants under this fund and a 50% grant is given quite regularly. There is intense competition for these grants by the private (including citizen) sector.

For the development of a strong domestic sector this example may be studied. There is the further recent plan termed “The President’s Plan for the end of slums in five years”. It will take a couple more years at least for the contours of this solution to become plain. However it will probably become a third feature on which urban development will take place in India. This plan is based on a sophistication of the REEL program well known in Colombo.

__________________________  Dr Darin Gunesekera
National Symposium on Housing.

“JANASEVANA
Housing for All”.

Presentation By

HDFC Bank of Sri Lanka.

(Housing Development Finance Corporation Bank of Sri Lanka)
The Emerging Market.

Low Income Housing Credit

About HDFC

- Incorporated in 1984 as building society.
- Converted to a state corporation in 2000. 
  - Act No 07 of 1997.
- Obtained the status of a LSB in 2003
- Listed at CSE in 2005.
- The only listed state bank under the purview of Ministry of finance.
HDFC Profile.

- Total assets – Rs 15.3 Billion.
- Housing Advance portfolio – Rs 12.8 B.
- Shareholders’ fund- Rs 1.8Billion.
- Share price – Rs 900 (RS 100 share).
- No of branches – 28 fully connected.
- Staff – 425.

Why Low and Middle Income Housing finance is an Emerging Market?

- 30% of HF market in SL.
- 1.6mn house holds.
- 6.9mn people.
National Home need.

- Sri Lanka’s population as at 2010 – 20.6 million or roughly 5.36 million households nationwide.

- Thus the national housing need is approximately 5.36 million units.
  
  *(Estimated based on CBSL 2009 annual report and World bank report on housing finance 2007)*

National Housing Stock

- National Housing need is currently counterbalanced by approximately 4.71 million existing housing units.

- About 1/3 of existing stock, is estimated to require substantial upgrading or rehabilitation as well as better public service. Particularly in the North and East.
Housing Backlog.  
(Current Need)

> On the basis of estimated National Home Need and available Housing Stock, approximate need of new houses is 650,000 units.

> With the additional requirement for resettlement in the North and East current National Housing Gap/(need) is above 1,000,000 units.

Effective Demand

- Even though, housing need is above 1 million units, effective demand is much smaller than housing needs,

- Because, demand is determined by the ability and willingness of households to pay for a home.
What factors determine ability & willingness to pay for house.
(Market Attributes)
- Affordability to pay for house.
- Accessibility to housing finance.
- Cost of construction.
- Self manageability.-with own construction.
- Willingness.

Market Segmentation with Attributes

<table>
<thead>
<tr>
<th>Group-Income levels</th>
<th>Attribute.</th>
<th>Financing Source.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wider and upper Middle income groups. (WIG &amp; U-MIG)</td>
<td>Affordable &amp; accessible to housing finance</td>
<td>Substantial amount of own savings and Bank financed.</td>
</tr>
<tr>
<td>Low and Middle income group. (LIG &amp; MIG)</td>
<td>Affordable for low cost housing if accessible to finance.</td>
<td>Posses small savings and needs substantial amount of home finance.</td>
</tr>
<tr>
<td>Low and middle income group (LIG &amp; MIG)</td>
<td>Own construction- Self managed housing</td>
<td>Do with own lands/undivided own savings and MF.</td>
</tr>
<tr>
<td>Group without affordability, accessibility and willingness</td>
<td>Unclassified</td>
<td>Need social housing.</td>
</tr>
</tbody>
</table>
Housing Finance Market

**Total Housing Finance Market**

<table>
<thead>
<tr>
<th>Income High end</th>
<th>100%</th>
<th>95%</th>
<th>90%</th>
<th>85%</th>
<th>80%</th>
<th>75%</th>
<th>70%</th>
<th>65%</th>
<th>60%</th>
<th>55%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25%</td>
<td>1.35 m households</td>
<td>15%</td>
<td>10%</td>
<td>Already financed by LCBs and LSBs wealthier bankable households with regular income and salaries.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>70%</td>
<td>60%</td>
<td>55%</td>
<td>50%</td>
<td>45%</td>
<td>40%</td>
<td>35%</td>
<td>30%</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>30%</td>
<td>1.6mn households</td>
<td>Housing Finance Gap (The Emerging Market)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income low end</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
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</tbody>
</table>

**The Emerging Market**

Low Income Housing Credit.

> 30% of the households, who has the capacity and willingness to pay for affordable home credit,

- but lack of accessibility for formal finance,

- is The emerging market for housing credit.
How magnitude this market?

- That reflects the entire **Housing Finance Gap** in the country.
- 30% of the households in the country.
- 30% of the housing needs of the country.
- 1.6mn households and 1.6mn housing units.
- Helping 7mn people for sheltering.

- Over 1600mn construction sq:ft. and, over Rs 1200 Billion construction value.

> For banks and other financial institutions, this is a market of over Rs 900 Billion of mortgage lending and 1.6mn customers.

> 5times higher than the existing mortgage advances of the banking sector.

> and 17% of the GDP.
What factors prevent this market from housing credit.?

- Lack of adequate collaterals.
- High interest rate,
- High cost of construction.
- High cost of land – in urban sector.
- Low penetration of banks.
- Lack of market knowledge.
- Lack of income documents.

Market potentiality.

- Potential demand for housing finance by this segment is much higher than their effective demand.
- New lending approaches are required to expand access to finance, and not undertaken sufficiently by the banking sector.
- Banks should promote financial inclusion.
How HDFC service this segments?

<table>
<thead>
<tr>
<th>HDFC Prioritized service to needy group-</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Loans</td>
<td>%</td>
<td>No. of Loans</td>
<td>%</td>
</tr>
<tr>
<td>LIG</td>
<td>3,930</td>
<td>37%</td>
<td>2,345</td>
</tr>
<tr>
<td>MIG</td>
<td>3,610</td>
<td>34%</td>
<td>1,863</td>
</tr>
<tr>
<td>Total Loans</td>
<td>7,540</td>
<td>71%</td>
<td>4,208</td>
</tr>
<tr>
<td>WIG</td>
<td>3,199</td>
<td>30%</td>
<td>1,351</td>
</tr>
</tbody>
</table>

HDFC’s Commitment to LIG & MIG Market.

HDFC’s Service to Low & Middle Income Groups

<table>
<thead>
<tr>
<th>Year</th>
<th>Rs M</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>7540</td>
</tr>
<tr>
<td>2009</td>
<td>4208</td>
</tr>
<tr>
<td>2008</td>
<td>4208</td>
</tr>
<tr>
<td>2007</td>
<td>7950</td>
</tr>
<tr>
<td>2006</td>
<td>12521</td>
</tr>
</tbody>
</table>
What is HDFC approach in servicing this market?.

We exercise more personal banking approach rather than normal commercial lending, in credit evaluation.

How HDFC address their challenges.?

For lack of adequate collaterals
We accept;
- alternative properties.
- personal guarantees.
- Institutional guarantees.
- group personal guarantees

High Interest.
We strive to manage to charge the best market competitive interest rate.

High cost of construction
We promote sustainable and affordable housing.
- accept joint applicants.
- increase repayment periods.
| High cost of lands | We accept:  
- joint applicants.  
- increase period of repayment. |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Low penetration by banks</td>
<td>We consider it as an opportunity.</td>
</tr>
</tbody>
</table>
| Lack of market knowledge, banking experience and habit. | We capture them as valued savings customers through Mobile Banking service- promoting Financial Inclusion.  
We build income proof documents through savings.  
We promote savings and savings habits. |
Financial Inclusion, Opening doors for housing finance.
Financial Inclusion, Opening doors for housing finance.
Financial Inclusion, Opening doors for housing finance.

How HDFC promoted financial inclusion ?.

![Graph showing HDFC Mobile Banking Customers growth from 2007 to 2010](image)
Where is the Market?

- Mainly in urban sector.
- Colombo over 100,000.

What is their Income?.

- Majority of them are,
- Daily wage labourers in municipal, fish market, vegetable market etc
- pavement hawkers,
- boutique/shop keepers,
- Fishermen,
- Carpenters.
- Shops assistants.
How the society is benefited.?

> Would effect to reduced unemployment largely
> Reduce urban poverty and expansion of shanties.
  ➢ Reduce domestic crimes.
  ➢ Increase urban educations, health levels family values etc.
  ➢ Improve urban living environment.

Lessons learned.

➢ They earn better income.
➢ Income is not managed to build wealth.
➢ Unspoiled market.
➢ Scared to credit.
➢ Less financial literacy.
➢ Good paymasters.
➢ Wants to educate and create wealth to the next generation and no retirement plan.
➢ They silently made a huge contribution to the economy.
Thank you.
Sustainability of National Policy for Housing in Emerging Economy

Prof. Ashu Marasinghe
Chairman - SEC
Professor @ Nagaoka University of Technology, Japan and International University of Japan

Sustainability of National Policy for Housing in Emerging Economy

Strategy

What is the National Strategy adapted now?
NHDA

From 1979 ...
78,000 housing units
150,000 (?) - Families in Colombo Urban
only 781 housing units
(Sahasepura)

From 2005 - Mahindana Chinthanaya

Promoting sustainable urban development

The United Nations Human Settlements Programme, UN-HABITAT, is the United Nations agency for human settlements. It is mandated by the UN General Assembly to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all.
Sustainable Urban Development through Expanding Equitable Access to Land, Housing, Basic Services and Infrastructure

The 23rd Session of the Governing Council of the United Nations Human Settlements Programme (UN-HABITAT) will be held from 11 to 15 April 2011 at the UN-HABITAT headquarters in Nairobi, Republic of Kenya, under the theme of Sustainable Urban Development through Expanding Equitable Access to Land, Housing, Basic Services and Infrastructure.

Promoting affordable housing finance systems in an urbanizing world
Planning Our Urban Future
Harmonious Cities
Safe City is a just a City
Cities, magnet of hope
The Millennium Development Goals and the City
Cities - Engines of Rural Development
Water and Sanitation for Cities
City-to-City Cooperation
Cities without Slums
Women in Urban Governance
Cities for All
Safer Cities
Future Cities
Urban Centered Model

- Affordable Homes.
- Quality & Choice.
- Low Demand.
- Sheltered Housing.
- Renewing the Private Sector.
- Decent Homes - Social Sector.
- Growth Area.
- Construction Skills

- Homlessness.
- Independent Living.
- Healthy & Safe Homes.
- Rural Housing.
- Understanding Sub-Regional Need.
- Developing Sub-Regional Capacity.
- Common Information.
- Economic Growth.

Things to discuss
Housing Strategies

- The role of local housing strategies is to reflect national and regional objectives in the local context.
  - closer integration into community strategies; and
  - strategies to be produced along the lines of housing needs, rather than administrative boundaries.

Potential Strategic Hierarchy

- National Government Targets.
- Regional Housing Strategy, Regional Spatial Strategy, Regional Economic Strategy.
- Community Strategies.
- Housing Market Strategies.
- Local Service Delivery Plans.

Key Strategies to future growth

- Reducing housing costs (Construction Technology)
- Government incentive programs for the Investors
- Further developing housing financing markets
- Strengthening professional housing finance associations
- Statistical data and Information for a well-functioning housing market
- Housing and housing finance education for the public
- Housing and Energy Independence,
  - climate change,
  - health care reform, and
  - infrastructure revitalization.
Any questions?
Cement Stabilized Rammed Earth
For load bearing walls

G. W. T. C. Kandamby
B.Sc. Eng, M. Eng, MIE CEng (SL)

Introduction

The increase in demand for building materials in construction sector finding alternative walling materials for house construction is necessary today

Cement stabilized rammed earth technology developed by CHPB has been identified as one of the cost effective technology which need to be studied further for applying in constructing load bearing walls specially in two storey house construction
Single Storey House

House Plan
Plinth Area – 550 Sq.Ft.

Wall Junctions

L - Shape

T - Shape
Compressed Stabilized Earth Bricks - CSEB

Size - 29.5 x 14.5 x 9.5 cm

Size - 14.5 x 14.5 x 9.5 cm

Size - 29.5 x 14.5 x 9.5 cm

FOUNDATION

Random Rubble
Masonry foundation
HOUSES AT HIKKADUWA – 35 Houses
**Wall construction**

Steel slip-form

Cement Stabilized Earth

Compressed Brick Column

Steel slip-form which was introduced by Dr. A.N.S. Kulasinghe is used as the mould for making walls

---

**Composition of a good soil**

Gravel + Sand + Silt + Clay

15% 50% 15% 20%

- Soil is a stage in a long process of deterioration of the rock by weather
- Soil is an earth concrete
- It is classified according to the groups mainly, based on particle size distribution
Selection of Soil

Fines (Slit and Clay)
25% to 35%

Sand
45% to 60%

Gravel
20% to 5%

Soil Preparation

Removing Roots and stones, Breaking lumps

**Soil Cement mixture:**
Soil – 10 + Cement – 1

Mixing: By volume
Mixing on flat clean surface
Mixing Soil and Cement

- Spray water
  Mixing manually

- Drop test

- Molding quality

Placing and Compaction

Placing 6” layer by layer in slip form and compacting manually by steel hammer to 4”

Raising slip form jacks by two persons
Fixing Doors and Windows

Wall construction
Curing and protection

• Since the soil mixture contains cement, constructed wall shall be cured well for a period of at least 7 days

• Curing shall be commenced from following day by keeping the wall damp with moist covering or wet gunny bags or any other method except pouring water under pressure

• Green work shall be protected from rain by suitable covering.

Electrical Wiring
Wall finishes with soil paste

Wall finished with coloured paints
Housing Project at Ambalangoda

Houses at Awissawella
Houses at Awissawella

Rammed Earth Walls
Crushing strength of rammed earth from testing program

<table>
<thead>
<tr>
<th>Type of soil</th>
<th>Cement content %</th>
<th>Compressive strength N/mm²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sandy</td>
<td>6</td>
<td>1.95</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>2.98</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>3.06</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>3.99</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>3.72</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>3.69</td>
</tr>
<tr>
<td>Kabok</td>
<td>6</td>
<td>2.93</td>
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<tr>
<td></td>
<td>8</td>
<td>2.09</td>
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<td>8</td>
<td>1.84</td>
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<td>10</td>
<td>3.02</td>
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<td></td>
<td>10</td>
<td>2.61</td>
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<td>Clay</td>
<td>6</td>
<td>1.66</td>
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<td>8</td>
<td>1.98</td>
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<td>2.03</td>
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<td>10</td>
<td>2.42</td>
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<td></td>
<td>10</td>
<td>2.15</td>
</tr>
</tbody>
</table>

Advantages

- Strong
- Low cost
- Environmental friendly
- Cooling effect
- Durable
Ground floor plinth area - 64.60 m²
Upper floor area - 51.00 m²

Preparation of construction drawing for two storey house at Maligawatta

Vertical load distribution

Roof load from above

Load on upper floor level

Load on DPC level
## Design vertical loads on upper floor level

<table>
<thead>
<tr>
<th>Wall</th>
<th>Length of wall m</th>
<th>Maximum design load on upper floor KN/m</th>
<th>Maximum vertical stress on upper floor N/mm²</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>2.395</td>
<td>24.516</td>
<td>0.169</td>
</tr>
<tr>
<td>B</td>
<td>1.787</td>
<td>24.965</td>
<td>0.172</td>
</tr>
<tr>
<td>C</td>
<td>2.514</td>
<td>24.556</td>
<td>0.169</td>
</tr>
<tr>
<td>D</td>
<td>2.904</td>
<td>26.270</td>
<td>0.181</td>
</tr>
<tr>
<td>E</td>
<td>3.514</td>
<td>25.104</td>
<td>0.173</td>
</tr>
<tr>
<td>F</td>
<td>3.514</td>
<td>24.723</td>
<td>0.171</td>
</tr>
<tr>
<td>G</td>
<td>3.514</td>
<td>21.582</td>
<td>0.149</td>
</tr>
<tr>
<td>H</td>
<td>2.294</td>
<td>28.737</td>
<td>0.198</td>
</tr>
<tr>
<td>I</td>
<td>1.684</td>
<td>27.720</td>
<td>0.191</td>
</tr>
<tr>
<td>J</td>
<td>1.684</td>
<td>16.911</td>
<td>0.116</td>
</tr>
<tr>
<td>K</td>
<td>2.294</td>
<td>24.765</td>
<td>0.171</td>
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</table>

## Design vertical loads on DPC level

<table>
<thead>
<tr>
<th>Wall</th>
<th>Length of wall m</th>
<th>Maximum design load on upper floor KN/m</th>
<th>Maximum vertical stress on DPC N/mm²</th>
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<tbody>
<tr>
<td>P</td>
<td>2.955</td>
<td>59.881</td>
<td>1.163</td>
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<td>Q</td>
<td>2.805</td>
<td><strong>60.196</strong></td>
<td><strong>1.169</strong></td>
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<tr>
<td>R</td>
<td>3.415</td>
<td>52.971</td>
<td>1.028</td>
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<td>S</td>
<td>3.515</td>
<td>21.106</td>
<td>0.655</td>
</tr>
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<td>T</td>
<td>2.195</td>
<td>46.661</td>
<td>0.906</td>
</tr>
<tr>
<td>U</td>
<td>1.585</td>
<td>44.725</td>
<td>0.821</td>
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<tr>
<td>L</td>
<td>3.350</td>
<td>46.931</td>
<td>0.911</td>
</tr>
<tr>
<td>M</td>
<td>3.514</td>
<td>47.746</td>
<td>0.927</td>
</tr>
<tr>
<td>O</td>
<td>3.515</td>
<td>51.481</td>
<td>1.079</td>
</tr>
</tbody>
</table>
Excavation and Sand Filling

Stub Column Footings for Foundation
Reinforced Plinth Beams

Plinth beam with brick facing
Under floor Filling

Earth Compressed Brick Columns
Cement stabilized soil walls

Pre stressed beams and 2” thick cement concrete slab
Pre stressed beams and 2” thick cement concrete slab

Pre cast cement concrete stair way
Cement stabilized Soil walls in upper floor

Two Storey Model House at Maligawatta
Two Storey House at Maligawatta

Supporting conditions

*Introducing Fixed joints at corners*

Clause 32.2 of BS 5628
Supporting conditions

(1) As the above calculations it is found that suitable method is to adopted to provide continuity between walls at the corners without separating them.

(2) This failure was identified in previous construction and finding solution is necessary.
Making Timber Mould

Making Timber Mould
Making wall panels for testing

Making wall panels for testing – Contd.
Testing wall panels
Construction of single storey house with Timber mould
Construction of single storey house with Timber mould
National Symposium on Housing
22nd 23rd March 2011

Building
Environmentally Friendly Housing

Environmentally friendly housing

- Other contemporary references are
  - eco friendly housing
  - green building for homes

Effects of climate change are prompting, governments and individuals to take building eco friendly houses more seriously
An eco friendly house

A house that is designed and built to:

- save energy,
- promote healthy indoor air
- have much less impact on the environment

Building Eco Friendly Housing

- Requires addressing the total process of building
- This means attention to:
  - site selection
  - defining functional characteristics
  - design
  - choice of building materials
  - construction methods
  - end use
Site selection

- avoiding excessive cutting and filling
- situating and orienting the house to take advantage of natural light and ventilation
- addressing flooding and drainage issues
- special attention when siting a house in disaster prone areas

Design

- Allow un-built areas in the plot
- With proper window placement one can achieve maximized natural ventilation and increased light
- Choosing wide eaves to overhang the walls to provide shade from intense sun
- Roofs used for collecting rainwater
Eco-friendly materials

- those which are locally produced
- natural
- sustainable
- require minimal processing during manufacture
- non-toxic
- Selecting used construction material

Clay bricks and tiles

- User friendly and hazard free
- Specifying over use however means irreversible impacts on the environment in:
  - mining clay depleting valuable top soil
  - leaving abandoned hazardous quarry pits
  - Using firewood for the burning
Timber

- Is necessary and has user preference
- Excessive use for considerations other than structural reasons, have very serious environmental consequences
  - felling of trees to process these products
  - depletion of forest cover

Options for timber

- Use of construction timber from trees which are fast growing
- replenishable in the short term
- Boron, fungus, and mildew treated timber from these sources are options
Other considerations

- Rammed earth houses are eco-friendly
- Building a home using labour intensive, construction methods is eco-friendly

During end use

Good eco friendly practices are

- Installing water saving devices
- Reusing water
- Installing rain water tanks
- Using energy saving lighting and appliances
- Using solar panels for heating water
- Use of compost bins to recycle organic solid waste
‘A Home within Reach’
Affordability and Quality of Housing

Contents

- Home - Basic need/Investment?
- Quality of Housing in the country
- Affordability from earnings perspective
- Affordability from Financing perspective
- Recommendations
Housing in the country

- 4.7 Mn Units as per 2001 Survey
- Shortage of 400,000 as per CB 2003 annual report
- Expected to increase to 650,000 by 2010
- Tsunami Destroyed 65,000 units
- 44,000 Units partially destroyed
- The need in the North East

Type of Housing

<table>
<thead>
<tr>
<th>Types of Housing</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>91</td>
</tr>
<tr>
<td>Attached/Annexure</td>
<td>03</td>
</tr>
<tr>
<td>Condo/flats</td>
<td>01</td>
</tr>
<tr>
<td>Line Rooms</td>
<td>04</td>
</tr>
<tr>
<td>Shanty/Others</td>
<td>01</td>
</tr>
</tbody>
</table>
### Housing By Tenure of accommodation

<table>
<thead>
<tr>
<th>Tenure of accommodation</th>
<th>%</th>
</tr>
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<tbody>
<tr>
<td>Owned</td>
<td>89</td>
</tr>
<tr>
<td>Government/Employer</td>
<td>05</td>
</tr>
<tr>
<td>Rented/Leased</td>
<td>03</td>
</tr>
<tr>
<td>Free of rent/not owned</td>
<td>03</td>
</tr>
</tbody>
</table>

### Housing By Size

<table>
<thead>
<tr>
<th>Sq. Area</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-527</td>
<td>36</td>
</tr>
<tr>
<td>528-743</td>
<td>20</td>
</tr>
<tr>
<td>744-958</td>
<td>18</td>
</tr>
<tr>
<td>959-1173</td>
<td>9</td>
</tr>
<tr>
<td>Over 1173</td>
<td>17</td>
</tr>
</tbody>
</table>
Quality of Housing

<table>
<thead>
<tr>
<th>Wall Type</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Brick</td>
<td>55</td>
</tr>
<tr>
<td>Cement block</td>
<td>21</td>
</tr>
<tr>
<td>Cabook Stone</td>
<td>8</td>
</tr>
<tr>
<td>Wattle/mud</td>
<td>12</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
</tr>
</tbody>
</table>

Quality of Housing

<table>
<thead>
<tr>
<th>Flooring</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement</td>
<td>78</td>
</tr>
<tr>
<td>Tile/terrazzo</td>
<td>04</td>
</tr>
<tr>
<td>Clay/mud</td>
<td>15</td>
</tr>
<tr>
<td>Earth/sand</td>
<td>03</td>
</tr>
</tbody>
</table>
Cost of Housing

- Minimum size of a house 500 Sq.Ft
- Cost per Sq.ft of 1,500 for basic quality
- Construction cost alone is Rs 750,000
- Based on current shortage is 700,000 units, total investment would be 525 Bn
- Given current quality the upgrade may cost equal amount.

Earnings Capability

- The mean income per Income receiver is Rs10,754
- The mean income per Household is Rs17,107
- The maximum household income that may be available for saving is Rs 7,700
Financing Capability

- To meet entirety of construction cost, tenor of savings has to be at least 8 yrs
- If financing is to be obtained, equity is a must
- The cost of financing would be very critical

Loan Servicing for Rs 750,000

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Tenor – 15 Yrs</th>
<th>Tenor – 20 Yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>13,172</td>
<td>12,741</td>
</tr>
<tr>
<td>15%</td>
<td>10,497</td>
<td>9,876</td>
</tr>
<tr>
<td>12%</td>
<td>9,001</td>
<td>8,258</td>
</tr>
<tr>
<td>10%</td>
<td>8,060</td>
<td>7,238</td>
</tr>
<tr>
<td>8%</td>
<td>7,167</td>
<td>6,273</td>
</tr>
</tbody>
</table>
Volatility in Interest Rates

Anomaly in yields

TB Rate Vs Bank rates
Housing Finance

- An attractive product for banks
- Volatility in interest rates is a challenge
- Matching tenor sometimes is the problem
- Security biased
- Criteria based

### Income Distribution

<table>
<thead>
<tr>
<th>Income Deciles</th>
<th>Mean Rs</th>
<th>Maximum Rs</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-7</td>
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<td>17,271</td>
<td>70</td>
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<tr>
<td>8</td>
<td>19,522</td>
<td>22,036</td>
<td>10</td>
</tr>
<tr>
<td>9</td>
<td>26,715</td>
<td>32,778</td>
<td>10</td>
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<tr>
<td>10</td>
<td>62,385</td>
<td>825,694</td>
<td>10</td>
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### Income Distribution by Employment

<table>
<thead>
<tr>
<th>Income Deciles</th>
<th>Regular</th>
<th>Casual/Contract</th>
<th>Self Employed</th>
<th>Others</th>
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<tbody>
<tr>
<td>1-8</td>
<td>14</td>
<td>31</td>
<td>23</td>
<td>12</td>
</tr>
<tr>
<td>9</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>34</td>
<td>31</td>
<td>15</td>
</tr>
</tbody>
</table>

### Housing Finance for Non-bankable

- Larger segment in this category
- Security/Mortgage is a challenge
- Legal cost would be a burden
- Need for technical input to optimize quality
- Insurance cover may be vital
Facilitation for wider provision of Housing Finance

- Other channels such as Microfinance have a greater role
- Skill and knowhow needs to be developed
- Long Term funding will be an issue
- Need for credit Enhancement
- Role for LFSUS

Recommendation

- There is need for greater investment in the country
- Affordability is challenging for majority in the country
- Stable interest rate structure is a must
- Savings is a key driver
- Innovative approaches are needed to reach the non bankable
THANK YOU
# “JANASEVANA- Housing For All”

**“JANASEVANA” National Symposium on Housing**
Organized by the Ministry of Construction, Engineering Services, Housing and Common Amenities with UN Habitat
22-23 March 2011, Colombo, Sri Lanka
Sri Lanka Foundation Institute (SLFI)

## AGENDA

### Day 1: Tuesday 22 March 2011

**08.30–09.00**  Registration

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Chair</th>
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<tbody>
<tr>
<td>9.00–9.30</td>
<td>Inaugural session</td>
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<tr>
<td>09.00–09.05</td>
<td>Lighting of the Traditional Oil Lamp</td>
<td></td>
</tr>
<tr>
<td>09.05–09.10</td>
<td>Welcome Speech – Secretary, Ministry of Construction, Engineering Services, Housing &amp; Common Amenities</td>
<td></td>
</tr>
<tr>
<td>09.10–09.15</td>
<td>Speech by UN Habitat</td>
<td></td>
</tr>
<tr>
<td>09.15–09.30</td>
<td>Key note address- Mr.Lalith Weeratunge, Secretary to the President</td>
<td></td>
</tr>
<tr>
<td>09.30–09.45</td>
<td>Speech by Hon. Minister, Wimal Weerawansa, Ministry of Construction, Engineering Services, Housing &amp; Common Amenities</td>
<td></td>
</tr>
<tr>
<td>09.45–10.00</td>
<td>TEA/ COFFEE</td>
<td></td>
</tr>
<tr>
<td>10.00–10.20</td>
<td>Technical Session 1: Housing Needs: Social Housing and Quality of Life</td>
<td>Chair: Prof. Siripala Hettige</td>
</tr>
<tr>
<td>10.20–10.40</td>
<td>Housing and Quality of Life: A Sri Lankan Experience</td>
<td>Mr. U.A.Chandrasena, Senior Lecturer, Dept. of Geography, Kelaniya</td>
</tr>
<tr>
<td>10.40–11.00</td>
<td>Economic Perspectives of Social Housing in Sri Lanka</td>
<td>Dr. Ranjith Bandara, Senior Lecturer, Department of Economics, University of Colombo and Chairman, Sri Lanka Foundation Institute</td>
</tr>
<tr>
<td>11.00–11.20</td>
<td>Social Housing, Regulatory Framework and Urban Planning</td>
<td>Ms. Indu Weeransoori, Deputy General Manager (Southern), Urban Development Authority</td>
</tr>
<tr>
<td>11.20–12.00</td>
<td>Discussion</td>
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</tr>
<tr>
<td>12.00–13.00</td>
<td>LUNCH</td>
<td></td>
</tr>
<tr>
<td>13.00–13.20</td>
<td>Technical Session 2: Current Development Strategies: Policies and Sustainability</td>
<td>Chair: Mr. A.Amarawardana, Secretary, Ministry of Public Management &amp; Reforms</td>
</tr>
<tr>
<td>13.20–13.40</td>
<td>Challenges of Making Housing Accessible to All: The Paradigm Shift</td>
<td>Mr. Laxman Perera, Programme Manager, UN-HABITAT Sri Lanka</td>
</tr>
<tr>
<td>13.40–14.00</td>
<td>Government’s Economic Policies and the Housing Sector in Sri Lanka</td>
<td>Dr. Suren Batagoda, Director General, Department of National Planning</td>
</tr>
<tr>
<td>14.00–14.20</td>
<td>“JANASEVANA” Housing Policy : Current Status &amp; Way Forward</td>
<td>Mr. Gamini Withana, Deputy General Manager, National Housing Development Authority</td>
</tr>
<tr>
<td>14.20–15.00</td>
<td>Discussion</td>
<td></td>
</tr>
<tr>
<td>15.00–15.30</td>
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# Day 2: Wednesday 23 March 2011

<table>
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<tr>
<th>Time</th>
<th>Session</th>
<th>Chair / Speaker</th>
</tr>
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<tbody>
<tr>
<td>09.00–09.30</td>
<td>Registration</td>
<td></td>
</tr>
<tr>
<td>09.30–10.00</td>
<td>TEA/COFFEE</td>
<td></td>
</tr>
</tbody>
</table>
| 10.00–10.20   | **Technical Session 3:** A Home Within Reach: Affordability and Quality of Housing | Chair: Mr. Don Barnabus  
Housing Finance Consultant and former CEO of NDB Housing |
| 10.20–10.40   | Investments in Housing: Current Trends, Opportunities and Challenges | Dr. Darin Gunasekera  
Member of the Global South Council of Social Entrepreneurs  
an Ashoka fellow |
| 10.40–11.00   | Housing Finance: The Government Initiatives  | Mr. Palitha Gamage  
Chairman, USDA |
| 11.00–11.20   | Low-Income Housing Credit: The Emerging Market  
Sustainability of National Policy for Housing in an Emerging Economy | Mr. D. V. Pathirana  
Assistant General Manager, Housing Development, HDFC Bank |
| 11.20–11.40   | Discussion                                   |                                                                               |
| 11.40–12.10   | LUNCH                                       |                                                                               |
| 12.10–13.00   | TEA/COFFEE                                   |                                                                               |
| 13.00–13.20   | **Technical Session 4:** Technology for Affordable Housing and Disaster Resistance | Chair: Prof. P. K. S. Mahanama  
Dean, Faculty of Architecture, University of Moratuwa |
| 13.20–13.40   | Innovative Affordable Housing Initiatives: The Sri Lankan Experience | Mrs. G.W.T.C. Kandamby  
Civil Engineer,  
Department of Buildings |
| 13.40–14.00   | Understanding Community Housing Needs: The Role of the Architect | Mr. Udula Bandara  
Chairman, The Institute for Construction Training and Development (ICTAD) |
| 14.00–14.20   | Building Environmentally Friendly Houses      | Mr. Conrad de Tissera, Senior Consultant & Former Habitat  
Senior Manager, Sri Lanka |
| 14.20–14.50   | Discussion                                   |                                                                               |
| 14.50–15.20   | TEA/COFFEE                                   |                                                                               |
| 15.20–16.00   | Final Session and Concluding Remarks         |                                                                               |
“JANASEVANA”- Housing for All
National Symposium Housing

22 to 23 March, 2011 at the Sri Lanka Foundation Institute
Purpose

The Government of Sri Lanka is committed to creating a conducive environment for the promotion of affordable quality housing for all and to achieving the Millennium Development Goals – in particular the Goal 7 - Target 11. The Government’s Development Policy Framework ‘Mahinda Chinthana’ envisages Government’s role in the housing sector shifting from the role of a developer and financer to that of a regulator and a facilitator.

This symposium provides a platform for all stakeholders, such as academics, practitioners, developers and investors, to share their experiences and views on affordable adequate housing in the emerging Sri Lankan economy. The event creates an opportunity to address different dimensions in the housing sector, to identify most important challenges in the sector and to explore opportunities in realization of national objectives.

Objectives

• Create a platform for academicians, practitioners, developers and those who are interested in housing to interact and share experience
• Address new dimensions for JANASEVANA housing within the context of emerging economic development
• Examine the requirement of National Housing Policy
• Explore and identify challenges in social housing
• Discuss innovative and affordable financing systems
• Examine ways to promote innovative & new cost effective technology for housing

Themes of Focus

• “Housing needs”: Social housing and quality of life
• Current development strategies: policies and sustainability
• A Home within reach: Affordability and quality of housing
• Technology for affordable housing and disaster resistance
Format

Two day symposium will inaugurate with an opening session and a keynote address by Mr. Lalith Weeratunga followed by four technical sessions. Each technical session will feature three eminent panelists, who will be presenting papers. Presenters will be given a format for presentation of the paper and will be requested to submit their presentations one week prior to the symposium. All papers will be published.

Thematic Areas

1. HOUSING NEEDS: SOCIAL HOUSING AND QUALITY OF LIFE

Social housing has been a major contributor to the country’s housing stock during the last three decades. Social housing programmes have a great significance to individuals, families, and communities, and to the whole country in terms of better living, security and balancing the housing stock between the wealthy and the poor.

In spite of all social housing initiatives launched to date, it is estimated that one third of the households in the country require either new houses or to upgrade their existing housing units. Moreover, majority of the underprivileged people are susceptible to this need. An extremely conservative estimate to meet existing deficit alone is estimated to be in the region of Rs. 300 billion. In spite of successes of social housing programmes mainly through direct provision of grants, it is now clear such a programme may not be enough to meet the scale of need. Within this context, this symposium will create an opportunity to look at new dimensions in social housing in the changing economic environment and identify new indicators for social housing.

Session Chair: Prof. Siripala Hettige

Panelists:

Mr. U.A. Chandrasena

Housing and Quality of Life: A Sri Lankan Experience

Key words: Social norms, housing within the settlement, peoples’ aspiration and expectations, lifestyle, neighbourhoods and community interactions
Dr. Ranjith Bandara

**Economic Perspectives of Social Housing in Sri Lanka**

Key words: Middle Income County (MIC) status, housing need, housing and its contribution to the economy, positive impact, enhancing the GDP

Mrs. Indu Weerasoori

**Social Housing, Regulatory Framework and Urban Planning**

2. **CURRENT DEVELOPMENT STRATEGIES: POLICIES AND SUSTAINABILITY**

Rapid urbanization and transformation from a rural to an urban life have created enormous challenges in relation to housing, land and infrastructure facilities. Moreover, recent natural disasters and the now concluded conflict in the north and east have changed the housing agenda in the country. However, absence of a housing policy and a national strategy has caused negative impacts on the sustainability of housing initiatives. The Government’s development policy framework “Mahinda Chintana: Vision for a New Sri Lanka, A Ten Year Horizon Development Framework 2006 – 2016” recognizes the urgent need to “make certain that policies and strategies are in place to ensure sustainable urban development”.

One of the key objectives of the symposium is to revisit the draft National Housing Policy and to create a framework to develop such through a process of participatory consultations.

Session Chair: Mr. A. Amarawardana

Panelists:

Mr. Laxman Perera

**Challenges of Making Housing Accessible to All: The Paradigm Shift**

Dr. Suren Batagoda

**Government’s Economic Policies and the Housing Sector in Sri Lanka**

Key words: Government’s economic policies, current housing sector, economic policies and meeting the current demand and future forecast

Mr. Gamini Withana

**“JANASEVANA” Housing Policy: Current Status and Way Forward**
Key words: Salient features, where it stands now, current needs, future demand, gaps, new areas identified

3. A HOME WITHIN REACH: AFFORDABILITY AND QUALITY OF HOUSING

In Sri Lanka the housing sector contributes to the national economy in various forms. It contributes to the construction industry at large and generates employment both skilled and unskilled. Housing credit is an important factor for the growth of the housing sector and access to housing finance has been always limited to a traditional approach. Domestic capital market has not been effectively explored to facilitate the housing sector, and in particular formal banking sector had been more conservative and inflexible. This symposium will provide a platform to discuss and share experiences gained in innovative financing products which could enhance the financial inflow for the housing sector.

Session Chair: Mr. Don Barnabus

Panelists:
Dr. Darin Gunasekara

Investments in Housing: Current Trends, Opportunities and Challenges
Key words: Bond issues, capital bonds for housing, land sharing, investment flow

Mr. Palitha Gamage

Housing Finance: The Government Initiatives
Key words: Housing capital market, MFIs in Sri Lanka, catering to housing finance, increasing demand

Mr. D.V. Pathirana

Low Income Housing Credit: The Emerging Market

Prof. Ashu Marasinghe

Sustainability of a National Policy for Housing in an Emerging Economy
Key words: Salient features of a sustainable policy, conceptual framework, fast moving economies, policy flexibility, in the MIC context, policy sustained with development
4. TECHNOLOGY FOR AFFORDABLE HOUSING AND DISASTER RESISTANCE

Affordability is a decisive factor for many people when they build a house. It is widely observed that majority tend to compromise desirable attributes such as durability, good indoor air quality and lighting. This results in frequent maintenance which is not feasible due to high cost, and consequently such maintenance goes neglected. This leads to an increase of a dilapidated housing stock unsuitable for occupation and causes health hazards. Therefore, it is important to gain and share knowledge on workable low cost housing construction methods and building material, and introduction of environment friendly, disaster resistant housing.

Session Chair: Prof. P. K. S. Mahanama
Panelists:
Mrs. G. W. T. C. Kandamby

**Innovative Affordable Housing Initiatives: The Sri Lankan Experience**

Mr. Udula Bandara

**Understanding Community Housing Needs: The Role of the Architect**

Mr. Conrad de Tissera

**Building Environmentally Friendly Houses**

**Final Session & Concluding Remarks**

**Participants**

Participants of the symposium will be: academia, experts in the sector, private and corporate sector investors, policy makers, non-governmental organizations and donor community, local authorities, members of professional associations, bankers and members of financial and micro financial institutions, etc.

Estimated number of participants would be around 100
### National Housing Symposium Participants List

1. **Jayani Kularathna** - Snr Manager (Programmer) - NHDA
2. **Sameera Werawardana** - PO - USDA
3. **R.M.U.W. Rathnayaka** - D.M - NHDA
4. **R.M. Subasingha** - Manager - NHDA
5. **R.M.N.P. Ratnayake** - Manager - NHDA
6. **Gamini Withana** - - - NHDA
7. **M.B. Laxman Silva** - Ass/Director - NHDA
8. **Jayanath Silva** - Chartered Accountant - SLIA
9. **Laxman Perera** - Habitat Programme Manager for SL - UN-HABITAT
10. **D.G.S. Jayakodhi** - Dir General - Dept of Buildings
11. **D.N. Wejesingha** - DGM (HRM) - NHDA
12. **Manuja Karunarathna** - AGM IT - NHDA
13. **Prof. Ananda Jayawardana** - President - IESL
14. **Sunanda Kariyapperuma** - Additional Secretary - Ministry
15. **H.M. Dayannanda** - GM - REEL
16. **K.M.W. Bandara** - Advisor - Ministry
17. **David Evans** - CTA - UN-HABITAT
18. **Lal De Silva** - Acts.GM - SCE
19. **M.M.S. Mahaweera** - D.M - Ministry
20. **L. Patabelni** - A.M - Ministry
22. **N. Pathmanadan** - Land Specialist - UN-HABITAT
23. **I. A. Hameed** - National Project Manager - UN-HABITAT
24. **Sumuduni Nilanthi Alvis** - - - NHDA
25. **N. Champika Gunasekara** - Secretary/Steno - NHDA
26. **Charmalee Jayasinghe** - Monitoring & Reporting Officer - UN-HABITAT
27. **M.S. Weerasinghe** - DGM - NHDA
28. **P.H.R. Marasingha** - - - NHDA
29. **S. Kodagoda** - Senior Manager - NHDA
31. **L. B. Ajitha** - A. Manager - NHDA
32. **V. Gamage** - - - NHDA
33. **D. Aponsu** - Architect - NHDA
34. **Dr. Fahmy Ismail** - National Technical Advisor - UN-HABITAT
35. **Dr. Ranjith Bandara** - Chairman - Sri Lanka Foundation
36. **Eng. S. Ravindranadan** - Director (Works) - Ministry
37. **Prof. P. K. S. Mahanama** - Dean - UOM
38. **H. A. C. Pushpa Kumara** - S.D.O - -
39. **D. C. A. S. Pathmanathan** - - -
40. **S. D. H. De Silva** - D(CT) - -
41. **Mallika Karunawathi** - - -
<table>
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<tr>
<th></th>
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<th>Position</th>
<th>Organization</th>
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<tbody>
<tr>
<td>43</td>
<td>Y.R.De Silva</td>
<td>Director</td>
<td>USDA</td>
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