

QUICK
GUIDES
FOR
POLICY
MAKERS



housing the poor in Asian cities



UN-HABITAT



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7

RENTAL HOUSING: A much neglected housing option for the poor

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The original documents and other materials can be accessed at: www.housing-the-urban-poor.net.

The above contributions have all shaped the Quick Guide series, which we hope will contribute to the daily work of policy makers in Asia in their quest to improve housing for the urban poor.

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It is a common misperception that everyone wants to own a house. For many people, rental housing is a better option.



Rental housing: A much neglected housing option for the poor

QUICK GUIDE FOR POLICYMAKERS NUMBER 7

Millions of people in Asian cities are tenants. Rental housing may be only a partial answer to urban housing problems, but it is an important housing option — especially for the urban poor, and particularly in situations where people are not ready or able to buy or build houses of their own. In spite of this, governments in Asia have done little to support the improvement of rental housing which already exists or the expansion of affordable rental housing in new areas.

Rental housing markets are influenced by, and respond to, local economic and political conditions and regulatory frameworks, and can be very different from city to city. Landlords, tenants and investors develop and use rental housing in flexible and inventive ways, so as to satisfy needs and maximize its asset value. All this makes rental housing an integral part of well-functioning housing markets.

It is important that policy makers understand the intricacies of their cities' rental housing (both formal and informal) and know how to formulate effective, flexible policies to regulate and promote it. The first section of this guide reviews the characteristics of rental housing markets and how they function. The issues of demand and supply of rental housing are discussed, including the concept of rent-free housing. The later part of the guide presents policy options to regulate, promote and expand rental housing — especially for the urban poor.

This guide is not aimed at specialists, but aims to help build the capacities of national and local government officials and policy makers who need to quickly enhance their understanding of low-income housing issues.

Housing in Asian cities: to own it or to rent it?

In the past few decades, governments in many Asian countries have actively promoted homeownership through various means: subdividing new land, extending infrastructure and transport grids into new areas, making housing finance easier to access and more affordable to more people and smoothing the way for private-sector housing developers. Expanding a city's stock of owned houses and apartments creates employment, stimulates local economies and is seen as contributing to social and political stability. In most places, homeownership has come to be seen as the most secure and most desired housing option, and therefore ideal for Asia's urban citizens. When people own their home, it is a source of pride, happiness and stability.

At the same time, rental housing suffers from a bad reputation: landlords are often perceived as being exploitative and only too happy to offer crowded and sub-standard housing at the highest price they can get from the vulnerable poor. Rental housing, especially at the lower end of the market, has also often been seen as being shrouded in illegality and as contributing to inner-city decay. The frequent eviction and mobility of tenants have been likewise seen as potential sources of civic unrest.

But even so, great numbers of people who live in Asia's cities continue to rent rather than buy the housing they live in. In fact, the numbers of people living as tenants in cities are increasing. Rental housing today constitutes a large proportion of the urban housing stock in many Asian countries — and in many other countries around the world.

Why do people rent?

For many people, the decision to rent housing is a deliberate, reasoned choice. It is not just because they can't afford to buy a house. People's reasons for making this choice are not all the same, though:

- **Renting lets people stay mobile** and move away when good work is available elsewhere, without being tied down to any particular place or to regular house payments.
- **Renting gives people flexibility in how they manage their household budgets**, moving to cheaper housing when times are hard and to better housing when their incomes increase, or freeing up more of their earnings for more essential needs like food, education, medical care or emergencies.
- **Renting accommodates people in transitory periods of their lives**, when they are not yet ready to settle down in one place.
- **Renting accommodates people who may not want to make the long-term financial commitment** that comes with buying a house, or to face the long term costs involved in repairing and maintaining their own house.
- **Renting allows people to send more of their city earnings home to relatives**, or to invest in buying land or building a house back in the village.



PHOTO: USAID FIRE PROJECT

Almost half the urban population in most developing countries is made up of tenants. That is hundreds of millions of people.

Source: UN-HABITAT, 2003

Urban rental statistics are not easy to assess

It is difficult to collect and compile comparable data on rental housing. Many countries keep records which do not separate rental housing from non-rental forms of housing which are not ownership, such as sharing. Sometimes the distinction is hard to make, especially in Asian countries where extended family households are still common, in which relatives and grown-up children with households of their own still live in the family home. In addition, national rental statistics can be misleading, since they may suggest overall national patterns of rental housing which hide local realities. Rental housing patterns tend to be much higher in cities than in rural areas, and also vary greatly between cities within the same country. For example, the national average proportion of renters in India is only 11% but for the city of Bangalore, it is 55%.

Housing tenure in countries

	Owners	Renters	Other
Germany	40%	60%	—
Netherlands	53%	47%	—
USA	66%	34%	—
U.K.	69%	31%	—
South Africa	69%	31%	—
Brazil	74%	25%	11%
Egypt	77%	22%	2%
Bolivia	60%	18%	22%
Thailand	87%	13%	—
India	87%	11%	3%

Housing tenure in cities

	Owners	Renters	Other
Berlin	11%	89%	—
Cairo	37%	63%	—
Bangalore	43%	55%	2%
New York	45%	55%	—
Rotterdam	26%	49%	25%
Johannesburg	55%	42%	3%
Bangkok	54%	41%	5%
London	58%	41%	—
Santa Cruz	48%	27%	25%
Sao Paulo	70%	20%	10%

Figures include both formal and informal urban housing. Sources: UN-HABITAT, 2003 and Kumar, 2001

Rental housing: an important part of urban housing markets

In any city, rental housing is an important element of a well-functioning housing market that responds to the full spectrum of its citizens' housing needs — rich and poor. In some cities, rental housing adds up to a considerable proportion of the total housing stock, while in others it may be less. But rental housing is always there and it is always needed. It is not just the poor who need rental housing, or economically poor cities that need to offer rental housing: even in some of the most affluent cities, the complexities of urbanization patterns and state policy translate into thriving rental markets.

1 What is rental housing?

- **At the upper end of the market:** Rental housing for better-off tenants could take the form of luxurious apartments or sub-let condominiums in city-centre high-rises, row-houses or detached houses of all shapes and sizes.
- **For the urban poor:** Rental housing might come in the form of cheap rental rooms in small owner-managed apartment buildings, apartments of various sizes in subsidized public housing blocks, or rooms built with substandard construction on illegally-subdivided land or partitioned within dilapidated older buildings. It could be a shack, a room built in a slum or behind the owner's house with shared services. It could be rented space within a shared room, or even the right to store one's belongings and occupy a certain space within a shared room *for part of the day*, according to the occupants' working times.
- **Land rental for housing:** Rental housing could also come without any house at all, and could simply be a plot of leased land, with or without services, where people are free to build their own house. Land rental continues to be an important rental housing form in several Asian countries, for both poor and better-off tenants.

2 Who produces it?

- **Formal rental housing market:** Formal rental housing can be produced by developers, contractors or investors within the private sector, or by small land-owners or individuals building small apartment buildings or a few rental units to supplement their income. Rental housing can be produced by the state, in the form of public rental housing or social housing in blocks, with or without subsidy.
- **Informal rental housing market:** Rental housing can also be produced informally by land-owners, individual slum-dwelling households, or slum-lords and land grabbers who develop and rent out rooms, houses or plots of land at various scales, thereby creating an informal rental housing market. Households who have been allocated housing in social housing schemes may also move away and rent out their housing as a means of earning additional income.

PHOTO: USAID FIRE PROJECT



A well-kept secret:

Because it is often hard to tell when housing is actually rental housing, policy interventions that specifically target rental housing tend to be difficult to enforce.

4 reasons why rental housing in cities tends to be invisible

1

It is often hard to distinguish rental housing from owner-occupied housing. The exception is in large purpose-built rental complexes. Rental arrangements exist in all parts of a city's housing market. There are people renting in densely-built old city quarters, in public housing estates, in housing schemes for civil servants, in private-sector subdivisions and condominiums. There are also renters in slums and squatter settlements, in peri-urban land-subdivisions and in semi-rural commuter settlements.

2

Rental housing is dispersed all over the city. Rental arrangements exist in all parts of a city's housing market. As housing markets mature and housing options multiply, the possibilities for tenancy also multiply. In many cities, as tenure options for the poor spread out from inner-city tenements to peripheral informal settlements, the role of exploitative slum lords tends to diminish.

3

It is hard to tell landlords from their tenants. Most urban landlords tend to be small scale entrepreneurs who live on the same premises as their tenants and who share a similar social and economic status. Poor landlords tend to rent out rooms to poor tenants, whereas better-off landlords rent to better-off tenants.

4

Both landlords and tenants will often keep their rental relationship quiet. This is to avoid taxes or avoid government planning or zoning policies which put restrictions on renting. Because the rental agreements between landlord and tenant are personal in nature, the details are often kept secret from outsiders or even from other tenants on the same property.

8 common myths about rental housing

- 1 Everyone owns their homes in rich countries.** There is little relationship between a country's economic development and its levels of homeownership. Homeownership is actually lower in many rich European countries where well-developed rental markets cater to the needs of all income groups who prefer to rent rather than to own.
- 2 Everyone wants to be a homeowner.** All over the world, people are bombarded from every direction with the message that homeownership is the best and the most desired state of tenure. There are big advantages to owning your own home, but renting also offers its own benefits such as mobility, flexibility, lower investment and reduced commitment.
- 3 Homeownership offers people a better life.** Ownership is often presented as more natural than renting — a form of tenure which makes people legitimate citizens, grounded in their neighbourhoods and their country's economic life. Rental housing, on the other hand, is projected as exploitative, sub-standard and temporary places where poorer citizens stay. But homeownership has its problems, just as rental housing has its advantages.
- 4 Nobody invests in rental housing.** Investing in rental housing may not be as attractive to private-sector businesses and public sector agencies as it once was. But at the same time, in many Asian countries, investments by individual landlords in small, scattered, independent rental units have increased dramatically.
- 5 Renting is inequitable.** In the days when most landlords were the rich elites and most tenants were poor, rental housing was indeed inequitable. Today, however, rich landlords tend to rent to rich tenants, and poor landlords to poor tenants. Especially among the poor, the landlord-tenant relationship is often one of mutual dependence.
- 6 Governments should prohibit poor quality rental housing.** Many tenants in Asian cities live in crowded, under-serviced and dilapidated housing, because that's all they can afford. Often, governments respond by demolishing this housing, but that only makes housing problems worse and leads to even greater overcrowding elsewhere. A much better approach is to find ways to improve and expand this existing rental housing.
- 7 Mobility is bad for the poor.** The ability of low-income tenants to move easily, as they need to, is often tied to their survival and their own economic upliftment: they follow where jobs are available. For them, mobility means survival and flexible rental housing is essential.
- 8 Homeownership encourages the emergence of a politically stable society.** In the USA, tenants were not allowed to vote until 1860, because homeowners were considered to be better citizens, better neighbours and even better persons. This kind of thinking influences many Asian policy makers as well, who see tenants not as valuable workers who need flexibility and mobility, but as people who are transient, poor, unsettled and undesirable.

Adapted from UN-HABITAT, 2003

How do people access rental housing in the first place?

- 1 Housing access based on open markets:** In most cases, rental housing is accessed fairly openly, by anybody who can afford the rent the landlord is asking and agrees to abide by whatever occupancy conditions the landlord stipulates.
- 2 Housing access based on relationships:** In many Asian cities undergoing rapid urbanization and industrialization, urban poor households still have roots in villages, and many continue to provide temporary, rent-free (or low-rent) shelter to relatives and friends coming in from the village. This kind of arrangement is crucial for seasonal migrants who may stay and work for only part of the year.
- 3 Housing access based on occupation:** Seasonal migrants may get rental or rent-free housing through their occupations. Construction laborers are often provided basic housing on the construction site, domestic workers usually stay with their employers and factory workers are sometimes provided housing. Some government jobs also come with rental or rent-free accommodation.
- 4 Housing access based on conditions:** In some rental markets, access may be linked to conditions such as income level, gender or enrollment as a student. Some public housing may, for example, be purpose-built for low-income tenants, but allotted conditionally to specific groups, such as slum evictees or slum-dwellers who lost their houses in a fire. Some rental housing built by universities, charities or NGOs may be reserved for students, for women or for specific low-income groups.

Demand for rental housing is always in flux

Competitive rental market conditions are realized only where access is open and unconditional. In most Asian cities, *demand* for rental housing among the urban poor remains low, compared to European cities, since more Asians tend to live at home, within extended households, at various stages of their lives. But once a household's basic needs are met, the *demand* for better quality and more individual rental housing may

increase. That increased demand may trigger the transition from shared housing and free-rent situations to renting, inspire households to seek larger, better-serviced rental units or motivate them to move to safer neighbourhoods with better social infrastructure. Over time, some tenants may seek to become homeowners, and renting out part of their new property may be one strategy to make this transition financially viable.



PHOTO: ACHR

Many kinds of landlords:

- Public and private
- Rich and poor
- Formal and informal
- Households and companies
- Resident and absentee
- Large scale and small scale
- Exploitative and fair
- Profit-seeking and generous
- Strangers and relatives

Who are the landlords?

There are many kinds of landlords. In developed as well as developing countries, landlords include both rich and poor people, companies as well as individuals, private sector and public sector agencies, and housing agencies and various government departments which rent out land under their control, operating in the formal and informal sectors.

Formal private sector landlords include:

- Landowners who rent out their land until they can find a more profitable use for it.
- Landowners or investors who build rental units on vacant land and rent them out.
- Owner-occupants who build rental units on part of their own land or within their own houses.
- Landlord investors who buy developer-built houses and rent them out.

Similarly, informal private sector landlords can either occupy or lease a plot of vacant land and develop rental housing units or subdivide and rent out empty housing plots on that land. Informal private sector landlords can also illegally subdivide a piece of formally-owned land

and rent it out as plots or finished houses or rooms. The only difference is that formal private sector landlords will have acquired ownership or building rights within the state's regulatory framework, whereas informal private sector landlords haven't.

Landlords can also be classified according to the scale of their operations. Some landlords with access to big capital may develop hundreds of rental units on various pieces of land, while others may be individual households or retired persons who operate on a very small scale, with one or two rental rooms at the back of their own house.

Whether landlords are men or women depends on local demographic patterns and local customs. Where women handle domestic affairs, they also tend to deal with tenants in small-scale rental situations. Many widows and separated women also opt to rent out part of their houses or develop new rental units to supplement their incomes. Divorce settlements and lines of inheritance can play a role here, as does age: because women tend to live longer than men, they often rent out the property they inherit.

5 types of landlords

Diversity in a city's available rental housing reflects a matching diversity in the entrepreneurial skills of its landlords, as well as their ability to mobilize capital and property assets to produce rental housing of various sorts. These variables of finance, capital, land and entrepreneurial sense are all linked to the larger economic and social realities in a city, and so as times change, so do investments in rental housing. Many landlords tend to gradually make more and more money through their rental businesses, but shift back and forth between the various categories described below, which also describe different investment scenarios:

1 Petty landlords use whatever space they have for rental purposes, often because they have no other way to make money. The income from rental housing may help them to pay installments on their own land or house, or it may help meet the expense of repairs, maintenance or improvements. Rental income may serve as a safety net against unstable employment or when moving from salaried or daily-wage labour to self-employment. It may also serve as a substitute pension after retirement or as an investment for the next generation.

2 Circumstantial landlords have capital and/or vacant land. They may have inherited money or land, or may have left their own house and moved into employer-provided housing. They may also have spare rooms available because the household separated, relatives died or children moved elsewhere. It may also be that they cannot sell their property because of prevailing market conditions, or lack the business skills to do so. In all these cases, renting out land, houses or rooms offers an alternative that delays drastic decisions, maintains things as they are and brings in extra cash.

3 Commercial landlords are similar to petty landlords, but they operate in a more professional way. They have larger capital to invest, their rental business is on a larger scale and they may employ professional staff to manage their rental units. Commercial landlords may target middle or high-income tenants rather than low-income groups, and operate in a formal way, using written rental contracts and following the building and safety standards. Depending on which market segment they operate in, commercial landlords may use different strategies to maximize return on their investments and to minimize their taxes. These are not necessarily tycoons, but could be people who want to secure the future for themselves and their children.

4 Public sector landlords may include various government departments and land-owning agencies, and their rental arrangements may cover purpose-built social housing for low-income tenants, land rentals and institutional housing provided as a fringe benefit to civil servants in various government departments.

5 Employer landlords are the landlords whose motive is not private. These might include factories and large companies providing rental rooms for their workers, hospitals providing rental rooms for their nurses, or universities providing rental housing for students and faculty members.



A bundle of attributes:

"Economists define housing as a 'bundle of attributes' which cover not only the physical aspects of a house, but all the other services which a person purchases or gains access to by buying or renting a house. The price that a buyer or renter is willing to pay is an indication of how much value that person places on the attributes of the house they occupy".

Leaf, 1993

How demand for rental housing is determined

A healthy, well-functioning rental housing market provides a variety of housing options at affordable prices and with easy access to places of employment. Besides income and location, a tenant's employment, household circumstances, aspirations and mobility will also influence his or her choice of where and what to rent. This section examines how these critical factors affect different categories of tenants and how they fit together with issues like quality, flexibility and security.

FACTOR 1: Quality of the rental housing

- **The quality and durability of the building materials:** Most of the rental housing available to the urban poor will not be of high quality, since the materials that went into these housing units tend to be the cheapest available, and so they are weak, low-quality and prone to maintenance problems.
- **The level of maintenance:** The theory goes that lack of proper maintenance makes the quality of rental housing inferior to owner-occupied housing. Timely maintenance depends a lot on where the landlord lives and how close the landlord-tenant relationship is. Landlords who live on the premises and have friendly relations with their tenants tend to take better care of their rental units than absentee landlords do. Public sector social housing managers, for example, tend to be slower to react to maintenance needs than tenant cooperatives or private estate managers.
- **The level of crowding:** It is common that low-income rental units (whether single rooms, apartments or houses) have more persons squeezed into small spaces than owner-occupied housing. High rents often mean that poor tenants can only afford accommodation by crowding more people in a small space and sharing the rent. Different cultures have different conceptions of what constitutes crowding. In some cultures, living with many family members is preferable to living in small families, or at least tolerated. But it is clear that overcrowding is often a problem.

FACTOR 2: Access to jobs and public services

Another attribute of rental housing which can have a considerable effect on its value is the proximity to places of employment, transport, schools, health care, markets, places of worship and other neighbourhood-level social infrastructure. All these public services and neighbourhood amenities are usually closer, more accessible and in greater variety in inner-city locations.

That is why rental units in peripheral areas of the city, which tend to be farther away from jobs and public services, are less attractive and therefore fetch much cheaper rental rates. But informal settlements in peripheral areas tend to be built fairly close to growth centers where jobs and transport are not too far away, and other public services are beginning to appear. These pioneering

settlements in peripheral areas of the city also become important sources of rental accommodation of various sorts, and as the city grows over time, the access to public services in these settlements — and their rental units — will get better.

For low-income tenants, access to employment centers and public services is crucial to their survival. But the problem is that market pressures on inner-city land make it difficult to sustain low-income rental housing in city-centre locations, when more commercial uses of the same land offer both private and public land-owners the attraction of higher incomes.

FACTOR 3: Access to basic infrastructure

The value of a rental housing unit can also be measured by how easy it is for the tenants to get access to utilities such as electricity, water and sanitation. Self-contained apartments, rooms and houses tend to have the easiest access, whereas rooms with shared access to services don't always do so well. The value of rental housing diminishes considerably as access to utilities is farther away from the room or is not permanently available. Rental units in slums, squatter settlements and illegally subdivided tenement structures tend to have the greatest problems of access to basic services. This is often because accessing municipal electricity and water supply is contingent upon having some legal status or house registration, which many rental units don't have. In these cases, tenants are likely to be forced to share utilities and utility areas such as toilets, washing and cooking

spaces with others, or else pay higher rates for informal electric and water connections from nearby houses and businesses.

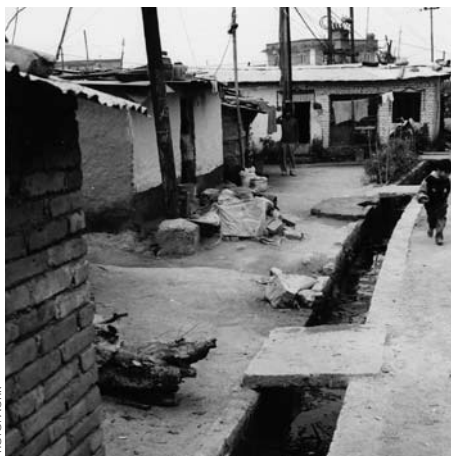


PHOTO: AGIR

CONCEPTS

FACTOR 4: Location and social support systems

Uncertain and irregular employment, varying sources of income and unexpected expenditures can all force poor tenants to rely extensively on their families and on the informal support networks in their communities when crises occur. At the same time, their low incomes makes it important to minimize unnecessary expenses on utilities, services or transport, which can also sometimes be done by staying with or close to their relatives. When you add all these needs and constraints together, it is clear that the best place for the poor to live is near social support networks, jobs and employment opportunities, within easy access to schools, markets, health care centers and places

of worship. Since most of these relationships are settlement-based and formed over time, location is important. If they have to travel long distances to earn or to resolve other essential household needs, it means time lost and extra money spent. And that can easily unbalance precarious household expenditure and seriously compromise a household's ability to survive. Investors and property developers understand very well the importance of location in determining the value of and demand for housing. For the urban poor, as well, location is probably the single most important factor in the choice of housing — whether it is owner-occupied or rental housing.

FACTOR 5: A tenant's mobility

Besides temporary laborers, seasonal migrants and short-term factory workers, a lot of poor people who are working in the city have good reasons to rent their housing and to avoid being tied down to homeownership at a certain point in their lives, either because the time isn't right to invest in housing, because they may wish to remain mobile, or because they have other priorities.

Moving in and out of cities has become an inherent part of life for many Asians. Whether they come to cities for higher education, to find a job, to seek health care or to make an administrative errand or economic transaction, most people will need flexible accommodation, which is best provided in the form of rental housing.

Fresh graduates and young people wanting to gain experience are always on the look-out for new and better-paid jobs and may find it advantageous to change jobs frequently. Young tenants may base their housing choices on the possibility of leaving at short notice and with a minimum of formalities. Single people may want to save enough money to settle down elsewhere later. Others may wish to settle down in the city once they have found a stable employment.

This mobility is a crucial part of many people's lives and an important part of the country's economic and human resource development. As these people come into cities, they all need housing, and rental housing at the right price and in the right location is an important option for many.

FACTOR 6: A tenant's income level

People's motivation to rent is usually linked explicitly to their long-term security, as it is for people who seek homeownership. The only difference is that because low-income tenants lack long-term security of income, they may opt to set aside whatever they can for investments other than housing, such as supporting an extended family or saving to pay for education. The need to rent can arise from different priorities, and for this reason, the affordability of rental accommodation is directly tied to the resolution of these long-term priorities.



FACTOR 7: A tenant's stage in the life-cycle

Rental and shared housing is often a feature of the earlier stages of people's lives. Tenants tend to be younger than house-owners and are often single — students, recent migrants, simple wage-workers, factory workers or professionals. Couples who rent tend to have fewer children than owners. Sharers are similar to renters, but they have friends, fellow employees or relatives who are able to provide them with shelter, whereas tenants may not have such options to fall back on.

As urban ways take over more and more aspects of people's daily lives, the traditional allegiances and ways of doing things are transformed in view

of new economic necessities, demographic patterns and societal changes. All these changes bring about new tenure preferences and patterns in cities as well.

As improvements in medical care bring about declining mortality rates and increasing life-spans, households are now commonly spanning three or four generations. That means there are more people to take care of, increasing pressures on households. This may result in households deciding to rent space in their house to others or it may mean that younger household members move out to rental accommodation.

The consequences of declining birth-rates, HIV-AIDS, growing rates of separation and divorce also have an effect on household composition and cohesion, and therefore housing demand. The increase of female-headed households, for example, often means more low-income households — which require flexible, affordable rental housing as a means to accommodate these new social trends.



PHOTO: CASE - THAILAND



Keyword: flexibility

The great variety of rental options with their different costs, rental rates, contracts and relationships, allow people to work out housing which suits their needs and matches their abilities to pay, at different times in their lives.

How do landlords and tenants work out their rental arrangements?

Rental housing can take many physical forms, but within the rental market there is also a great variety in the kinds of rental agreements that are made between landlords and tenants. In the most basic form, a landlord agrees to grant the tenant rights to occupy a housing unit for a certain period of time, and in exchange, the tenant will compensate the landlord for that unit at regular intervals. In practice, however, there are many variations on this theme.

The amount of compensation a tenant pays depends largely on the relationship between landlord and tenant. A landlord may let relatives or friends stay free of charge, or may provide

housing as a fringe benefit in return for labour by domestic staff or employees. But mostly, a landlord will charge money for the accommodation, and the rental amount will depend on the quality of accommodation itself, as well as the quality of the larger environment, including the unit's access to basic infrastructure, public services and neighbourhood amenities. In most rental arrangements, the rental rate will be set at a level which allows the landlord to profit from the rental unit and to have a return on the investment. This means that the amount of value increases (that is, the landlord earns more than he or she invested in constructing the rental unit and paid for maintenance). But in cases of subsidized public-sector housing, the rental rates may be lower than what is required to recover the original investment.

How the duration of rental agreements is negotiated

Another important variable in rental housing arrangements is the duration of the rental agreement. A rental contract can be made for a specific period of time —such as a month, a year, 5 years or 30 years or even longer. In most countries, lease periods are limited by specific laws, but can be renewed once the contract period has expired. Short-term rental housing contracts may be made as word-of-mouth agreements or involve some simple paper lease contract, which both landlord and tenant sign. But other types of longer-term rental agreements usually require a written contract, sometimes even with some official registration of the contract.

A **hire-purchase agreement**, for example, stipulates that a landlord agrees to lease his/her property to a tenant, with the agreement that the tenant will eventually become the owner of the property, provided that he/she pays the rental amount regularly, within the specified period of time. The hire-purchase arrangement originated in the land subdivision market, but many public sector low-income housing schemes are also leased on a hire-purchase basis. Developers in the private sector have adopted the hire-purchase strategy as a means to financially bridge the period between the purchase of the project site and the start of construction.

Long-term “Seng” rental contracts in Thailand

Seng is a Chinese rental practice that was brought by traders into Korea, Taiwan and Thailand. In Thailand’s *seng* system, tenants pay a large lump sum, called *pae jia*, at the beginning of the lease period, and then pay a nominal monthly rent for the rest of the period. *Seng* contract periods range from 3 to 50 years and cover commercial buildings and land, as well as land and housing rentals at all economic levels — even in slums.

The advantage for the owner is that he or she gets an immediate return on the investment they made building or purchasing the unit or land. For tenants, the *pae jia* makes *seng* less affordable than short-term lease contracts, but it offers the advantage of long-term tenancy rights and freedom to build their own structure or to adapt the existing unit to suit their needs. When the lease period expires, tenants are often allowed to renew the contract. And some *seng* agreements come with an option to purchase the land or structure at the end of the lease period.

The *seng* system is also used in some inner-city apartments or houses built on land leased from Bud-

dhist temples or the Crown Property Bureau, where lease periods range from 10 to 20 years. Tenants may have to pay a *pae jia* of up US\$ 5,700 as a lump sum at the beginning of the lease, followed by nominal monthly payments of about US\$15.

The *seng* system is also used to sub-let rented land and houses, where tenants transfer their tenancy rights via a *seng* transaction to a sub-tenant. In this arrangement, the sub-tenant usually pays a big *pae jia* to the original tenant, but then takes over the payment of the monthly rent to the landlord. This kind of sub-letting via *seng* happens all the time in slums, in small private housing rentals, in public social housing projects and in commercial housing rentals, but it’s often done without any legal basis.

According to a 1992 study, the percentage of original allottees in the different National Housing Authority projects varied from 28 to 63 per cent. The rest were *seng* sub-tenants.

Source: De Wandeler, 2006 and Yap, 1993.

Landlord-tenant relationships

The relationship between the landlord and the tenant is based on an agreement. While their relationship is usually reasonable, some common problems include that:

- **The landlords complain** that their tenants don't take good care of the rental housing, pay their rent late, misbehave in general and don't understand that rising costs of utilities, maintenance and repairs make it necessary to raise the rent.
- **The tenants complain** that their landlords don't maintain the rental housing properly, don't repair things when they break, charge unfairly high fees for utilities, increase the rent without warning, turn hostile when the rent is paid a little late, threaten with eviction or fail to return security deposits when they move out.

Many rental agreements between landlords and tenants are personal and informal in nature, concluded outside of any government regula-

tory framework or formal legal system. This informality and lack of official documentation makes going to court an extremely impractical way of dealing with landlord-tenant conflicts. In some Asian countries like India and Pakistan, the courts are so overburdened with cases that it may take decades to bring a rental dispute to court. In countries like Thailand or Cambodia, which have highly evolved cultures of settling disputes through compromise, going to court is seen as something extreme and often means a loss of face for both sides.

In some cases, landlords will try to avoid problems by only accepting tenants who have been recommended by people they know. But in other cases, landlords use a different strategy and actively seek to attract strangers and outsiders, because they want to avoid being too close to their tenants to maintain a more business-like relationship, in the hopes that the tenants will take care of their rental unit, respect the rental conditions and leave when they are asked to.

Resident landlords



Relations are often better when landlords live in the same building or on the same land as their tenants. To prospective tenants, it may be reassuring to have a resident landlord, who will be closer at hand to ensure good services and help discover the neighbourhood's social infrastructure. Rental housing with resident landlords also has the reputation of being better-serviced and better-maintained, which in turn makes for fewer landlord-tenant tensions. Plus, when landlords and tenants share the same residential space for a while, they get to know each other and often develop bonds of friendship and mutual support.

When tenants are their own landlords



PHOTO: ACHR

Poor tenant households are now their own landlords:

As of August 2006, the Baan Mankong programme had supported the upgrading and long-term lease negotiations of 301 land-rental communities in 211 Thai towns and cities. All these settlements are on public land and all the leases are to community cooperatives — not to individual households. That means 23,826 poor households have the security of knowing that they are now long-term tenants of their own cooperatives.

Cooperative Land Lease Communities in Thailand

For the poor, the collectivity of the communities they live in is an important survival mechanism, which helps them to meet needs and resolve problems they can't do individually. To strengthen this "collective force" in poor settlements, Thailand's national Baan Mankong Community Upgrading Programme is experimenting with finding ways to make every aspect of the settlement upgrading process collective, as much as possible.

As part of the programme, communities form cooperatives and negotiate their own secure tenure — often by leasing the land they already occupy. In projects with individual land tenure, there are always more problems than in projects where the land is rented collectively. This is because the "collective force" is able to deal with whatever minor problems come up, as a matter of course. Collective land tenure can also safeguard against speculation and gentrification, which are always a danger when the tenure of inner-city settlements is secured based on individual title. (See *Quick Guide 3 on Land*)

But besides assuring residents that they keep their settlement, there is an automatic and binding element in the cooperative management of land, which links people together. The monthly rituals of collecting the rents are also ways of bringing people together.

In almost all Baan Mankong projects, this collective force becomes visible and brings about tangible improvements in community members' well-being in several ways. Many communities are now including in their settlement plans several units of "community housing" for the poorest, elderly or handicapped community members who have nowhere to stay. In other communities, upgrading plans have included community-built "central houses" for those who are in need such as the elderly, disabled, or people living with HIV/AIDS. These are expressions of a highly decentralized social welfare system, in which communities look after their own people.

*Source: CODI Update No. 4, June 2004.
www.codi.or.th*

The supply of rental housing

1 PUBLIC RENTAL HOUSING: Governments in most Asian countries have attempted at one time or another to provide housing for portions of their population. One way of doing this was to develop and provide rental or rent-free housing units to the families of public sector employees, including the armed forces, police officers, civil servants or employees of various government agencies.

Another way of doing this was to develop and deliver public or subsidized housing, which provided rental housing units to vulnerable low-income groups, including migrants, slum evictees or fire victims. But since the investment cost of these public housing initiatives was too high for governments to construct sufficient numbers of housing units to satisfy the real housing needs, there were bound to be problems with allocating those units that were built. In many cases, formal selection criteria were not able to avoid instances of nepotism, patronage, favoritism based on party membership or outright corruption, and as a result, the projects excluded the households most in need. Plus, in spite of generous subsidies, the rents in many of these public housing projects were still too high for the poorest households to afford. In the end, the required investment and problems in allocation and management often made governments decide to offer the units for hire-purchase or sell them off to households outside the original target group. (See *Quick Guide 2 on Low-income Housing*)

2 PRIVATE RENTAL HOUSING: As a result of these problems of public housing production and delivery, state involvement in housing has been declining in most Asian countries. And the private sector (both formal and informal) has come to be the main producer of most urban rental housing. In most Asian cities, the informal sector is the greatest supplier, accounting for between 60% and 90% of the low-income rental units in a city.



PHOTO: ACHR

Informal sector to the rescue:

Even while work on a pilot community-driven relocation project in Phnom Penh was going on, small rental rooms started appearing in the new houses. Because the new settlement is very close to textile factories, there was a big demand for cheap rental rooms for the workers. The housing at Akphivat Mean Cheay was designed for 129 households, but a year after it was finished, the settlement offered an additional 97 rental rooms to poor factory workers.

Source: ACHR

Caste and kinship ties:

Because of the closely-knit caste and kinship ties among the migrant diamond workers in Surat, rooms are often rented out to relatives or those from the same village or within the same caste. Some landlords report that although these social ties limit the rent that they are able to charge, it forms part of their social obligation.



PHOTO: ACHIR

Migrant worker landlords and tenants in Surat, India

The city of Surat, in western India, is a city of migrants. 60% of the city's 2 million inhabitants (and 80% of those living in slums) are migrants from poor, mostly drought-prone provinces. Most have come to work in the city's textile mills and diamond polishing workshops. Most textile and diamond workers get jobs through labour sub-contractors, and earn between US\$40–80 per month, depending on their skill.

The demand for cheap worker housing in the areas around these industries led some entrepreneurs to strike deals with farmers to convert agricultural land into residential use and thereby take on the role of informal developer. Plots in the housing colonies and squatter settlements they set up (most without any planning permission) were sold to poor migrant workers, on installment basis, who then developed informal rental housing units on their plots as a means of helping pay for their own land and housing. Many of these “subsistence landlords” were formerly tenants themselves. Rental units in these colonies come in two main forms:

- **Individual rooms** (single or shared) rented out by resident landlords.
- **The “hot-bed” system**, which includes the room and home-cooked meals.

Rents vary according to the quality of the accommodation and the availability of services. Rents are also dependent on the relationship between individual landlords and their tenants. A 10 square meter room with wood walls and a tin sheet roof might cost a monthly rent of US\$4–6, while a similar sized room with brick walls and a concrete roof will cost US\$20–30.

This makes a good example of how rental housing can be beneficial to both tenants and landlords — especially when the tenants are migrant workers seeking to minimize housing expenses and maximize remittances to the village, and when their landlords are also fairly poor, and use the rents they earn to supplement daily needs, and to help make improvements to their own housing.

Source: Kumar, 2001

Rental increases in upgraded slums in Mongolia

When Mongolia was a centrally planned economy under the socialist system, the government built “barracks” on the outskirts of the country’s capital city of Ulaanbaatar to house workers of government owned factories. Workers were allocated single-room units in these buildings, for which they paid a nominal monthly rent. These barracks did not have access to piped water and sanitation was provided only through shared pit latrines outside.

During the transition to a market economy in the early 1990s, most of the factories went bankrupt. Even though the workers lost their jobs, they received title deeds to the rooms they had been occupying in these barracks.

The rapid transition to a market economy and successive droughts and harsh winters in the country drove many rural people to migrate to Ulaanbaatar, where they squatted on vacant land on the outskirts of town. Most of these barracks are now surrounded by vast informal settlements, which are called *ger areas* — named for the traditional round, felt-lined tents (“gers”) which many people erect in these settlements to live in. Today, 60% of the city’s population lives in these *ger areas*, all without

access to running water and sanitation. Some owners of rooms in the workers barracks opted to move elsewhere and rent out their rooms to these recent migrants.

Conditions in these barracks deteriorated dramatically, and between the lack of basic infrastructure and services, the dilapidated conditions and the lack of maintenance, the barracks have become home to some of the poorest residents in the *ger areas*. This has in turn adversely affected the rental value of the rooms in the barracks. Many rooms in the barracks are now being rented by the poorest of the rural migrants — those who cannot afford to bring their *ger* from the rural areas.

A community-based project was launched in recent years to improve living conditions in these barracks. But the improvements have resulted in increasing rental values for the rooms, and many of the poorest renters have been displaced. This often happens in slum upgrading: while the structure or room owners may benefit from the upgrading process, the renters often have to pay higher rents for improved conditions and may get pushed out by increasing rents.

Source: UNESCAP



PHOTOS: ACHIR





PHOTO: ACHIR

The 25% rule:

Some housing specialists suggest that rental housing is affordable if a household spends no more than 25% of its monthly income on rent. This rule of thumb loses its meaning as you go down the economic ladder, where the only rule is that the poorer you are, the more you are proportionately likely to pay for housing and basic services.

How much rent to charge?

For all landlords, the rents they charge their tenants are critical in the decision whether to set up, expand or discontinue a rental business. If the rent is too low, it may affect the quality of the accommodation by restricting the amount a landlord can invest in maintenance, amenities and repairs. If rents are too high, units may stay empty or tenants may seek cheaper housing elsewhere or have to be evicted when they can't pay.

Many landlords are satisfied with fairly low rents because they consider rental property a long-term investment and anticipate a value increase of the property. Since rental fees are closely linked to a tenant's real income, landlords stand to lose if a tenant's income drops so low that he or she can't afford to keep paying the rent, and the landlord is left with a difficult decision to either evict the tenant (and forsake the chance of any income at all) or keep the tenant and hope he or she will be able to pay the rent arrears later on.

Rental housing specialists often suggest that a reasonable level of monthly income from a rental unit should be about 1% of the market sale price of that unit. The fact that rent levels are tied to property prices means that rents can go up as land values rise or as macro-economic forces influence property prices. These market forces

can and do put formal rental housing out of reach for most poor households. That's why informal rental housing alternatives in slums and squatter settlements make up such a large portion of most Asian cities' rental housing stock. When housing is developed outside the formal system, it may have all kinds of drawbacks, but the main point is that it is more affordable.

Rent control

Rent control is sometimes introduced to keep rents low, for example, during inflation. Rent control has its share of defenders and detractors. Some say it ensures rental housing continues to be affordable to ordinary people and prevents sudden rent increases by greedy landlords. But others argue that rent control stifles investment in new rental housing and ends up closing many potential renters out of the market. In Mumbai, for example, where strict rent control laws make it almost impossible for a landlord to increase the rent or evict a tenant, the rental market is almost nil. In Bangkok, however, where there is no rent control, there is a thriving market of rental housing at all economic levels.

Policies which regulate rental housing in Asian cities

There are four major problems with rental housing arrangements in Asian cities today:

- 1 Housing policies are often biased in favor of homeowners and fail to take rental housing into account.** This increases the risk of tenants being exploited, especially poor tenants.
- 2 When rental housing conditions are poor, the problem is not usually with the rental arrangement itself.** Rather, it is related to the state of a city's overall housing conditions and the complex factors which cause poor living conditions and poverty in general.
- 3 Rental housing is closely linked to the way a city's overall housing market functions.** Problems of rental housing are expressions of larger problems of how the social, economic and political relations involved in land and housing are balanced.
- 4 Because so much of rental housing is informal and largely "invisible," a lot of it falls outside of the control of government rules and regulations.** This has allowed for a great diversity and flexibility in rental housing markets, but at the same time has made it more difficult to plan policy recommendations and interventions to support rental housing.

Using policies to promote rental housing in a city

If national governments can acknowledge the above problems and adjust their regulatory frameworks to more closely match on-going practices, it will help a lot to tap the enormous potential of both the formal and informal rental housing markets.

If there is political will to improve a city's housing policies and make them more "renter-friendly" in the long term, a good start would be to promote more competition in housing markets in the short term. Greater competition would mean more options and greater flexibility in what kind of rental units are available. This could be done in a number of ways. On the supply side, policies could be developed which reduce obstacles to the pro-



PHOTO: ACHR

duction of more rental housing so the supply and variety increases. On the demand side, policies which can enable more households to rent might include imposing rent control or increasing poor tenants' ability to pay by subsidizing their rental fees.

6 ways to promote rental housing in housing policies

A strategic approach to developing a workable rental housing policy should first acknowledge the rental arrangements which already exist and find flexible, realistic ways to regulate them. In most cities, rental housing arrangements contribute enormously to local livelihoods and so measures to govern and promote their further development should be formulated. Local dynamics and housing market conditions are different in every city, and so there is no single formula for how to do this. But the following six suggestions will help policy-makers and government agencies to make their cities more rental housing-friendly — especially for the poor.

1 Acknowledge and understand existing rental practices.

Civil servants, politicians, civil society organizations, NGOs and community organizations are all aware of the rental housing options in their cities. Their combined understanding represents a valuable local resource which can be channelled into making rental housing practices more balanced, more inclusive and more effective. But before rental housing problems can be solved, local groups need to work together to create a common understanding about tenure issues in the city. One way to raise interest is by making an inventory of the local rental housing stock. This inventory should include both formal

and informal arrangements and occupied and unoccupied rental units. Local organizations can establish this inventory jointly, exchange perspectives on their local rental markets and work together to identify and analyze the problems. The results should be spread around in the widest possible way, so as to widen the local debate on tenure issues. To keep up the momentum, data on rental housing should be updated regularly, and changes in the housing situation should be closely monitored. This inventory can provide important baseline information for better planning and housing interventions.

2 Get rental housing on the larger urban policy agenda.

Once local organizations have collectively acknowledged the rental situation in their cities, the next step is to open up the issue to public discussion and to gather more detailed information on the inner workings of rental housing, including the larger economic, political and social factors which affect rental supply and demand. Identifying bottlenecks as well as successes in achieving lasting rental arrangements should be given special attention. The information gained in this way could help to identify the social and political influences

that underlie rental housing arrangements in a city, so that these can be incorporated in the debate and balanced where they are working against a healthy rental tenure situation. At this point, urban policy-makers will be in a better position to estimate how important rental housing is in the local context. While monitoring developments in the overall housing market, they can put rental housing on the policy agenda, either as an issue that merely needs to be regulated or as a priority that needs to be actively promoted.

3

Work out practical, flexible rental housing regulations.

Knowing that rental housing is a critical part in the coping strategies of the urban poor, decision-makers can work with local community organizations, NGOs and civil society organizations to create a framework for regulating rental housing which prevents exploitation.

In the policy-making process, it is important that decision-makers maintain a constant and meaningful dialogue with a broad spectrum of local groups and development stakeholders in order to ensure that the rental housing policy framework they develop matches the specific realities and specific needs of the local context. The framework should include means and incentives that encourage the production, exchange and consumption of a variety of rental housing

options. The framework should also include a system of checks and penalties to curb mismanagement or abusive practices within a city's rental housing market, and to prevent the deterioration of its rental housing stock for lack of maintenance or repairs.

It's important that this regulatory framework is simple, practical, and easy to apply. If a specialized administrative unit has to be set up to implement the rental housing policy, it probably means the policy is too complicated to be practical. A better option would be to integrate the policy into a city's already-existing administrative procedures, such as issuing building permits and house registrations, measuring of water and electricity consumption or collecting of rental income taxes. It is also important that the policy framework is flexible in these three ways:

- 1** The implementation of measures and incentives in the policy framework should be flexible enough to be stretched to cover a wide range of tenant target groups (of all incomes) and rental housing types.
- 2** The standards that are outlined in the policy framework can be adjusted as needed, in order to allow as wide a range of actors to take part in the city's rental housing market, to produce as wide a variety of rental options as possible.
- 3** The process of approving these adjustments should be kept as simple and straightforward as possible and should require a minimum of procedures.



PHOTO: ACHIR



Supporting and improving on what is already there:

Some of the best policies are those which support and improve the systems of rental housing delivery that are in place and already working well. Policies which seek to introduce something new often end up destroying or hindering these already functioning systems, or forcing them to go underground.

4 Ensure that rental housing arrangements are sustainable.

To ensure that the regulatory framework encourages a variety of rental housing to be produced and rented out (especially for the lower-income tenants), the policy should:

- **Set minimum standards for the construction, management and maintenance of rental properties.** These standards need to take into account existing production and demand patterns, rental practices and rental rates, and should take into consideration forecasts of future housing needs and future increases in property values.
- **Combine efforts to improve the quality of rental housing, as well as the quality of basic infrastructural services in the areas where rental housing exists.** This is especially important in low-income settlements which are a big source of rental housing units in many cities. In order to support already-existing systems which provide affordable rental housing in these settlements, the cost and effort of upgrading should involve the key stakeholders — community organizations, community-based savings groups, NGOs and landlords. To minimize sudden rent increases, this settlement upgrading could be combined with temporary rent control in targeted areas.
- **Provide follow-up measures in these upgraded informal settlements.** This could include introducing a simple rental contract system which stipulates rights and obligations of both landlords and tenants. In addition, these measures could establish a housing consumer forum to settle disputes between landlords and tenants.
- **Enable established communities to take over the responsibility for upkeep and repairs, whenever landlords or tenants fail to fulfill their contractual obligations.** In situations where it is hard for landlords and tenants to jointly maintain the rental housing, an important alternative to consider is the establishment of community-based tenants cooperatives. Landlords could also subcontract building management and rent collection to community-based savings groups or to community committees of renters or to larger city-wide networks or federations of slum-dwellers.



Cities and money:

The capacity of municipal governments and local authorities to raise capital for the kind of rental housing support programmes described below depend a lot on whether they have the authority or the autonomy to collect taxes within their constituencies.

5 Mobilize finance to improve and expand rental housing.

To be effective, rental housing policies need to support easy access to financial mechanisms, to encourage landlords and tenants to maintain, repair and improve the quality of the rental housing that already exists, and to increase the city's stock of rental housing.

The nature of these financial mechanisms depends on the kind of financial resources local authorities have at their disposal, or can get through central government agencies.

If they can mobilize fairly large funds, local authorities could consider implementing a household rental grant programme, such as the one used in South-Africa. This scheme supports the expansion of small-scale rental units in poor settlements by providing capital grants to land-owning households to build or renovate housing rental units of a certain minimum standard on their land.

What to do when cities don't have funds for grants and subsidy programmes?

When the local authorities do not have large funds available (which is often the case) they could achieve similar ends by offering tax incentives to individual land-owners to make it worth their while to develop affordable rental housing units on their land. These tax incentives could take several forms:

- **Offer reduced tax rates** on income from rental housing.
- **Give tax rebates** to low-income landlords who invest in improvements to the quality of their rental housing units.
- **Grant tax deductions** to housing agents who produce or renew rental housing which specifically targets low-income groups.

Local authorities might also look into strategies and incentives that make large-scale investment in low-income rental housing more attractive and more sustainable to investors. Besides offering tax incentives to investors who produce new rental housing, these measures might include ways to increase tenants' "ownership" of a project.

- **Diversify rental housing options for the poor:** Formal housing projects do not necessarily have to stick to the standard concept of self-contained rental housing units. Besides being costly, such units can be isolating and cut poor people off from the social support systems they rely on to survive. Another option would be to develop houses with single rooms and shared facilities and communal areas. Other options could target tenant groups (rather than individuals) willing to commit to long-term collective leases to housing or land. Or tenure arrangements could be set up which allow tenants to shift from one type of rental agreement to another, during the course of their rental contract period. For example they could start as monthly renters, but decide later to hire-purchase their unit, as and when they are ready
- **Promote alternative, participatory forms of rental housing management:** While the ownership of a large rental housing block or housing colony might still remain with the public, private, or public-private owner, the housing itself can be leased by a tenant cooperative which then rents out the individual units to its members (*an example of this in Thailand is described on page 17*). It is also possible that a rental housing block or colony could be built originally, or bought later, by a similar tenant cooperative — which then becomes an *owner cooperative*. But in all these arrangements, the advantage of cooperative management of rental housing is that the tenants who occupy that housing participate centrally in maintaining and making decisions about their housing — *collectively*.
- **Get NGOs to help:** NGOs can help with awareness-raising, training and organizational support to communities of low-income tenants. NGOs can advocate for the housing rights of poor tenants, but they can also support low-income tenants to develop their own tools and knowledge to take greater responsibility in managing, upgrading and maintaining their rental housing — individually or as tenant collectives. NGOs can also help poor tenants to form collective organizations (like consumer forums or tenant cooperatives) and help start selective savings and loan groups among groups of poor tenants in the same area or living under the same landlord. All these measures can expand people's tenure options, while they integrate rental needs into people's more comprehensive process of self development.



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International Union of Tenants (IUT). This organization's website provides facts and figures as well as an overview of conferences related to rental housing. The IUT's quarterly magazine, Global Tenant, has information about tenant issues, land and housing rental situations in cities around the world. www.iut.org

United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). www.unescap.org

Housing the Urban Poor: A project of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). www.housing-the-urban-poor.net

United Nations Human Settlements Programme. www.unhabitat.org

An annotated list of key websites: For an annotated list of websites which offer more information about the key issues discussed in this Quick Guide series, please visit the *Housing the Urban Poor* website, and follow the links to "Organizations database".

www.housing-the-urban-poor.net



PHOTO: UNESCAP

The pressures of rapid urbanization and economic growth in Asia and the Pacific have resulted in growing numbers of evictions of urban poor from their neighbourhoods. In most cases they are relocated to peripheral areas far from centres of employment and economic opportunities. At the same time over 500 million people now live in slums and squatter settlements in Asia and the Pacific region and this figure is rising.

Local governments need policy instruments to protect the housing rights of the urban poor as a critical first step towards attaining the Millennium Development Goal on significant improvement in the lives of slum-dwellers by 2020. The objective of these Quick Guides is to improve the understanding by policy makers at national and local levels on pro-poor housing and urban development within the framework of urban poverty reduction.

The Quick Guides are presented in an easy-to-read format structured to include an overview of trends and conditions, concepts, policies, tools and recommendations in dealing with the following housing-related issues:

(1) **Urbanization:** The role the poor play in urban development (2) **Low-income housing:** Approaches to help the urban poor find adequate accommodation (3) **Land:** A crucial element in housing the urban poor (4) **Eviction:** Alternatives to the whole-scale destruction of urban poor communities (5) **Housing finance:** Ways to help the poor pay for housing (6) **Community-based organizations:** The poor as agents of development (7) **Rental housing:** A much neglected housing option for the poor.

This Quick Guide 7 reviews the characteristics of rental housing markets and how they function. The issue of demand and supply of rental housing are discussed, followed by policy options to regulate, promote and expand rental housing—especially for the urban poor living in Asia's cities.

More information can be found on the website www.housing-the-urban-poor.net

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