



BUILDING PROSPERITY

HOUSING AND ECONOMIC DEVELOPMENT



PRESS RELEASE

HOUSING PROVISION VITAL TO ECONOMIC GROWTH

Housing provision is so central to social and economic development that policymakers need to act on this rather than continue to treat the activity as a mere social good, the author of a new book on the subject says.

"Employment and income generation are some of the major contributions of housing to economies," Anna Tibaijuka, the book's author on housing and development, says referring to countries around the world.

Dr. Tibaijuka is the current executive director of UN-HABITAT, the housing and human settlements programme of the United Nations. Her book, *Building Prosperity: housing and economic development* is to be launched today. This important work calls for adequate and decent housing to be provided people around the world, saying that due to its widespread impact in developing skills decent housing would improve workers' health; increase their productivity, capital stock and fixed investments; guarantee incomes and savings; foster inclusiveness; and enhance household asset.

"All these outcomes," she says, "depend on the extent to which policy and institutional distortions which often alienate a bulk of the population are rectified."

HOUSING AND HEALTH

Access to structurally safe and decent homes leads to fewer deaths; extends life expectancy; promotes healthy living; improves access to social and physical infrastructure as well as employment opportunities. In turn, these factors encourage higher worker productivity and income flows: the higher the household income, the higher the savings margin. Decent housing also produces psychological satisfaction of personal and family life. It also encourages educational achievement, and helps guarantee safety.

Since a healthy workforce can directly influence productivity, and productivity is essential to economic growth, then the housing aspects of health needs greater attention. One way to focus this attention is to ensure that housing forms a central part of wider national development strategies. Therefore, for this, more of the national budget must be allocated to housing. The proportion of the budget allocated is an important indicator of housing's importance and, therefore, determines its level of contribution to economic development.

Housing is also a vital tool of social policy. For any housing policy to be meaningful and serve the public interest, it must be built on the full understanding of vital link between the housing sector and the overall economy.

HOUSING AND INNOVATIVE TECHNOLOGY

Undeniably, housing holds tremendous possibilities for the development of innovative technology in the sector, and vice versa. Research and development, and commercialization have all converged to produce diverse building materials, technologies and equipment. For this reason, governments have established research and development institutions, and support local enterprises. Governments have also produced selective functional support by building technology infrastructure and creating general technical skills to service housing needs.

HOUSING, SAVINGS AND DOMESTIC FUND MOBILIZATION

Given the importance people attach to owning a home in most developing countries, mobilization of any underutilized money, such as individual savings, could be funnelled into development of a housing finance system and the domestic economy.

She says the past tendency of policymakers to isolate housing from other key sectors that drive social and economic development had only led to the growth of urban slums in developing nations and social segregation in the developed world. By 2005, some 1 billion of the world's urban population lived in slums and squatter settlements.

RECOMMENDATION

Dr. Tibajuka recommends that housing provision should be vigorously pursued, given its importance to social and economic growth, development, and the creation of national wealth. Any housing policy that is to serve the public interest meaningfully, she says, must be built on the full understanding of the "vital link" between the housing sector and the overall economy. Evidence of this link is that homeownership, government and private sector-spending on housing are, to an extent, driven by the prevailing macroeconomic environment.

Essentially, the book sets out to show the many aspects of investment in housing; highlighting the social, economic, institutional and policy factors that make the issue "urgent and central" to human activity today.

Over the past 150 years, the book says, scholarly thinking had shifted from viewing housing as "a mere stimulus" for economic revival to it becoming "an embedded productive factor" for sustainable development.