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BUILDING PROSPERITY

HOUSING AND ECONOMIC DEVELOPMENT



TABLES

HISTORICAL SHIFTS IN IDEAS ABOUT HOUSING AND ECONOMIC DEVELOPMENT

Initial arguments against housing investments: 1940s – 1950s

- Housing investment generally demonstrates low productivity
- Housing has a high capital to output ratio compared to other investments
- Housing is a by-product to economic growth
- Housing essentially is a consumption good and hence should not receive scarce resources
- Housing investments contributes to inflation and uses valuable foreign exchange resources
- Housing has a high import content and exerts pressure on balance of payments
- Housing programmes targeted at specific regions (including urban areas) could serve as an incentive for migration, hence contributing to uneven regional development

Later arguments for housing investment: 1950s-1970s

- Housing is a basic need of humankind
- House-building is a useful counter-cyclical tool
- Housing is both a major contributor to economic growth and a large part of national capital stock
- Improved housing leads to increased worker productivity
- Housing has strong forward and backward linkages with other industries
- Housing investment contributes to employment generation, income generation and savings
- Housing finance institutions contribute to financial mobilization a
- Improved housing leads to improved health conditions and reduction in social vices

Arguments for housing investments: Post-1970s

- Improved housing conditions help poverty [REDUCTION] efforts
- Integration of urban informal housing into the formal economy will impact positively on the wellbeing of low-income groups and enhance the sustainability of human settlements
- Adequate shelter for all contributes to equitable and egalitarian development
- Meeting the challenge of housing encourages public-private partnerships
- Mass housing construction has strong multiplier and knock-on effects in the economy