

FINANCING HOUSING AND INCREASING AFFORDABILITY OF THE RURAL PEOPLE IN BANGLADESH

R Hafiz, BUET, Bangladesh

Introduction

Extensive damages are caused to housing in Bangladesh by natural hazards, such as floods. Damages are mainly attributed to building materials used for construction. Houses are generally made of bamboo, thatch and mud – making them extremely vulnerable to floods. Anything more durable than bamboo and thatch are beyond the affordability of most rural residents. It is assumed that improved quality and condition of housing can significantly cut down damages caused to housing. To be specific, quality of houses can be improved through better design and use of more permanent building materials, which will consequently lead to lower damages. But this improvement involves increasing cost to housing and in this case affordability is the first barrier to quality housing.

Questions that immediately arise in this connection are, how to increase affordability so that people can make gradual improvements to housing if it is not possible for them to construct permanent housing at one go? Is it possible to bring down construction cost to a level so that increasing number of people can be brought under the fold of hazard safe housing? Is it possible for the government to play a pioneering role in providing hazard safe housing to people who would otherwise remain without it?

In the context of the questions posed above this paper looks at the aspects of affordability and finances and investigates the possibility of increasing access to improved housing by,

- making housing improvement cost affordable to the rural people,
- lowering cost of construction to bring hazard safe housing within the reach of the general mass of rural people,
- making finance available to the rural people so that they can make successive improvements to their houses,
- creating financing institutions for extending monetary help to people,
- providing hazard safe housing through government initiatives.

The methodology adopted for carrying out the investigation relies both on primary and secondary sources information.

Affordable Improvements to Housing

It is assumed that improved housing design and use of more durable materials can significantly lower the extent of damages caused to housing. Please refer to the author's other paper on 'Stilt Houses,' which have shown that with a little more than 500 Taka than the usual cost of a conventional rural house significant changes can be made and consequently bring down the extent of cost of damage. A loan of about 600 Taka is what a poor rural family might need in the first stage of graduation to improved housing. Since the general rural population is poor even this small amount of loan is not available from friends, neighbours or relatives. In this regard financing institutions can lend a helping hand to the rural poor to graduate to hazard safe housing.

Stilt houses proposed for flood-prone areas, can be further improved by setting off with reinforced concrete (RCC) pillars and may be beams in the first phase. In the next phase, the split bamboo matting can be replaced with brick walls. In another phase the roof can be replaced with permanent materials like RCC. The Institution of Engineers has come up with some fantastic idea of thin shells for low-cost houses. The Institutes' idea of thin shell can be adapted for roofing stilt houses. Gradually more rooms can be added to the houses as affordability increases.

Lowering The Cost of Building Materials

In the initial stage of house building most people are constrained to use temporary materials of bamboo and thatch because of their economic condition. With improved economic condition, increasing affordability and with some help from financing institutions the quality of housing can be gradually and surely be improved.

The technical difficulties of building houses with permanent materials are that the construction techniques with permanent materials like brick, concrete, etc. are unknown to the general rural residents. The other problem is that the price of such permanent materials and cost of construction tends to be expensive and beyond the means of most rural people. In such cases prefabricated buildings materials can partly provide solution to building improved and hazard safe houses.

Prefabricated building materials industry can provide job opportunities to the rural people and at the same time produce affordable home building materials. Prefabricated materials like pillars, beams, roofs, doors and windows, which are easy to construct and easy to transport can be produced by such industry. This type of industry can have a positive impact on the natural environment. Quality of prefabricated building materials has to be strictly

enforced otherwise people's life will be again at risk. Prefabricated building materials can be bought in installments expanding affordability of the people further.

Making Finances Available to People with Low Affordability

What the rural people need is small amount of money at varying times. But there are no public sectors institutions in the rural areas that might help people finance and improve housing. On the other hand the economic condition of the general rural people is not satisfactory that they can lend money to other people. The role of Grameen Bank and a few NGOs (like Proshika, BRAC, etc.) are very laudable, but the coverage of the Bank and the NGOs are small compared to the number of people that require financial and material assistances. Thus there is an urgent need to set up institutions that will provide home building and home-improvement loans to the rural people.

Creating Financing Institutions for the Rural Masses

About 96 millions of people live in the rural areas of Bangladesh. The coverage of Grameen Bank and NGOs like BRAC, Proshika, etc. is about 25% of the target group. It is plainly evident the majority of the people are left out. In this context the government has to intervene to help increasing number of people to build hazard safe housing.

Most of the formal financing institutions are located in the urban centers and they hardly extend loans for house building to the general people. House Building Finance Corporation is the only public sector finance institution in Bangladesh and its service is limited to urban residents only. There is an immediate need to create a Rural House Building Finance Corporation to provide housing loans to the residents of the countryside.

Considering the number of people that require finances for building hazard safe homes, hazard prone areas need to identified and categorized according to the intensity of hazard experienced by specific areas. Such as,

- extremely hazard prone areas
- moderately hazard prone areas
- low hazard prone areas

The government cannot provide finances to all areas at once. The lending program has to initially start with areas that are extremely hazard prone and subsequently to other less hazard prone areas. Alternatively two divisions can be created within the financing institutions to cater for extremely hazard prone areas and for areas that are less hazard prone

Innovative ideas can be taken up to increase funds of the financing institutions. This may be done through sale of lottery tickets. This will create

interest and awareness about the financing institution as well as provide necessary funds for the institution to function smoothly. The sale of lottery tickets by Red Cross, BIRDEM (Bangladesh Institute of Research and Rehabilitation in Diabetes, Endocrine and Metabolic Disorder), etc. is quite popular with the people. The institution can also act like a bank. People can deposit money with the financing institution and accountholders given preference in taking loans.

Providing Hazard Safe Housing Through Government Initiatives

The above sections have discussed possibilities of increasing the affordability of the rural people to improve housing through financial and material assistances. The following section discusses an alternative to improve housing situation in hazard prone areas of Bangladesh.

The government is constructing cyclone shelters from its own fund and with the help of foreign aid. The Red Crescent Society along with other agencies is providing finances to such ventures. These shelters are built for one or a couple of villages or a community. The village people take shelters during cyclones. These shelters provide safety to 200 people or about 40/ 50 families.

Although these provide temporary accommodation but they are very helpful when disasters strike. But the efficiency of these shelters is hampered due to various reasons. These shelters are located 2 to 2.5 km away from human habitations. Therefore the villagers are reluctant to abandon their houses, and they stay in their houses till the last moment. Sometimes it is too late to reach the safety of the shelters. On other hand, some shelters have become the den for anti-social activities, and some shelters have lost its doors and windows. The government must ensure the maintenance and efficiency of these shelters.

Shelters, accommodating of 200 to 250 people, require about 4 million Taka to 5 million Taka. Therefore about 0.1 million Taka are spent for every family consisting of five members. If the government spends this amount (0.1 million Taka) for each family to construct a cyclone safe house, which would also be flood safe, these people can stay within their houses with their belongings and livestock when disaster strikes. The government can build a permanent, hazard safe stilt house for every family. Equipped with basic amenities these houses will be very safe and comfortable for living for the rural people. The rooftops of these houses can designed to harvest rainwater during crisis.

Conclusion

It is generally seen that people do not want to leave their home during floods until the situation becomes too critical for safety. They want to stay in their own house and protect whatever belongings they have. If they abandon

their homes their belongings are lost. This paper provides some solutions to providing hazard safe houses by improving conventional houses. This paper also explored possibilities of increasing affordability of the people by lowering cost of house building components by prefabricating them. The paper also explored the possibility of providing safe houses through government initiative.

We should remember that if any solutions are to be effective the government and concerned agencies must be aware and committed to provide hazard safe housing for the rural people.

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