How do we improve living conditions in rapidly developing cities such as Delhi and Lagos?

NARESH PAUL MRICS, CDO, INTEGRATED CITIES & INDUSTRIAL CLUSTERS, MAHINDRA LIFESPACES DEVELOPERS, CHENNAI, INDIA

Nearly one-third of India’s population lives in urban areas, and that figure is slated to reach 50% by 2031. Planners and policymakers in cities like Delhi are faced with the daunting task of easing the massive urban housing shortage in a country where lower-income groups constitute more than 95% of the population. Moreover, given high land costs in urban areas, private participation in very low-income housing has been limited so far, while supply mostly caters to the middle- and high-income groups.

The government has introduced affordable home loans. However, addressing the housing gap in a sustainable and scalable fashion requires the creation of an enabling ecosystem for affordability and accessibility. Prohibitive land costs and a shortage of adequately sized plots has resulted in most affordable housing being built on city peripheries. Better connections to business districts are needed to facilitate easy commutes for affordable home owners, thereby incentivising development in these locations.

Planning and zoning also has a role to play. Relaxation of rules that govern space norms would encourage dense, vertical development. Currently, developers have to approach multiple departments for permissions, so timely, single-window clearances and fast-tracked approvals would help to reduce project development costs, speed up timelines and incentivise private participation in affordable housing.

Finally, financial education and assistance for prospective buyers of affordable homes is required, as many will be unable to produce formal pay slips and other documentation to establish creditworthiness and secure housing finance.

EMEKA ELEH MFRICS, SENIOR PARTNER, UBOSI ELEH & CO, LAGOS, NIGERIA

Lagos has grown from a couple of million people in the 1960s to about 18 million today. Existing infrastructure cannot meet the demand and with that comes the development of slums. Meanwhile, housing delivery has not increased. In a country of more than 180 million people, less than 200,000 mortgages were issued between 2010 and 2016. Delivery is so low compared with demand that there is a housing deficit of around 17 million units, and that number is going up.

The first step towards a sustainable solution must be for inclusive economic growth that will reduce the poverty level in the country. The government also needs to tackle the housing supply problem. It doesn’t have the funds to do it alone, but it could partner with the private sector.

Growth is limited by poor infrastructure and only about 1% of land in Nigeria is titled, so most of it cannot be used to raise money. There are pilot schemes titling land in a few states but they need to be encouraged to do a lot more. The government can effectively provide a subsidy for development by contributing titled land to the developers. That would help cover the cost of infrastructure and reduce the price of housing.

Another way forward would be for the government to provide home loans at zero interest. Mortgage rates in Nigeria are around 22%. It is difficult to solve the housing problem without an affordable mortgage culture. An affordable home in Nigeria can cost 5 million naira ($13,900), but that is out of reach of many when the minimum wage is 18,000 naira ($50) a month.