

Economic importance of housing to low-income households

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Economic importance of housing to low-income households

Sources of experience

- UNCHS/ILO study 'Shelter provision and employment generation'
- UNCHS study on sustainable development in mitigation of disasters
- DFID sponsored study of HBEs in Bolivia, Indonesia, India and South Africa

Income multipliers (1)

How many times does the dollar circulate locally?

- Construction labouring is self-selecting to the poor
- Traditional construction methods tend to be labour-intensive and biased towards unskilled and semi-skilled jobs

Income multipliers (2)

- Low-income employment generates higher income multipliers than high-income employment
- Traditional building creates greater income multipliers than 'conventional' construction
- Using local labour in construction increases local income multipliers
- Maximising local income multipliers fits well into the relief-to-development continuum

Backward linkages:

generating work for low-income workers

- Construction using local materials generates large backward linkages
- In recovery after disasters, there should be a balance between the ease of supplying material and sourcing them locally to maximise backward linkages
- Backward linkages in house building can spread over many sectors

Forward linkages: Home-based enterprises

- Frequency
- Range of activities
- Small scale
- Operate long hours
- Income generation
- Capital and credit
- Use of space

Home-based enterprises: Frequency

- 50-70 per cent of the informal sector.
- Women's enterprises are more likely to be in the home.
- In some cities, whole industries are composed of networks of HBEs.
- "Neighbourhood-as-factory".
- HBEs are quite common but they are only present in 20-40 per cent of dwellings.

Home-based enterprises: Range of activities (1)

- Retail, especially small general stores
- Manufacture of clothing.
- Selling manufactured goods to businesses, serving food or drinks, dispensing health services, personal services, and repairs of assorted goods are also common.
- There are differences among neighbourhoods in the frequency of types of HBEs.

Home-based enterprises:

Range of activities (2)

- The least sophisticated HBEs involve cheap entry lines; selling matches or boiled eggs, single cigarettes or single bottles of beer; or use households skills (knitting); or free resources (grass weaving, recycling scrap) - 'bootstrap starts'.
- Many HBEs are opportunistic; filling constantly changing niches in the economy left empty by the formal sector

Home-based enterprises: Small scale employment

- About half only have one person working.
- Only the few larger HBEs, mainly in production, provide jobs for workers from outside the household
- However, HBEs are important in employment creation, especially for women.
- This could be vital in recovery from disasters
- Manufacturing provides most jobs per enterprise.

Home-based enterprises: Operate long hours

- Much self-exploitation
- Less exploitation of children than we expected to find.
- They provide services when people need them

Home-based enterprises: Income generation

- Very strong link between poverty and the informal sector.
- We found incomes above the minimum wage at the mean.
- Between one quarter and one half of households with HBEs are supported solely by that income.
- Improvements in household incomes must be one of the most important positive contributions HBEs make to urban life.

Home-based enterprises:

Capital and credit

- Limited capital, often from a formal sector wage, or small profits from an earlier business.
- Capital is not required for renting a workplace.
- Less use of credit than we expected; some reluctance to have debt. Very few loans from formal banks.
- Some use of microcredit. Little reliance on informal credit, even from ROSCAs or family members.
- Unsecured, usurious, local money lending may be used where it is available

Home-based enterprises: Use of space (1)

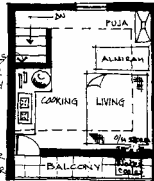
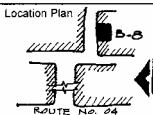
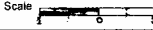
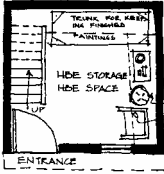
- Scarcity of space does not stop HBE operators
- Ideally, HBE space would be separate within the home
- Most share space between HBE and domestic activity; coping behaviours occur
- Generated a net space variable in our study (all exclusive HBE space plus half shared space).

Home-based enterprises:

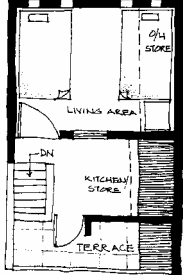
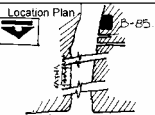

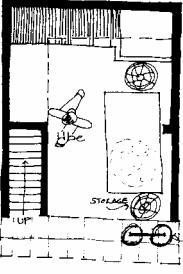
Use of space (2)

- HBEs use little space; in our work mostly what HBE operators had extra to those without HBEs!
- In dwellings with only one room, even the small space for an HBE can be very intrusive.
- Serious problem of having only one room

Home-based enterprises: Use of space

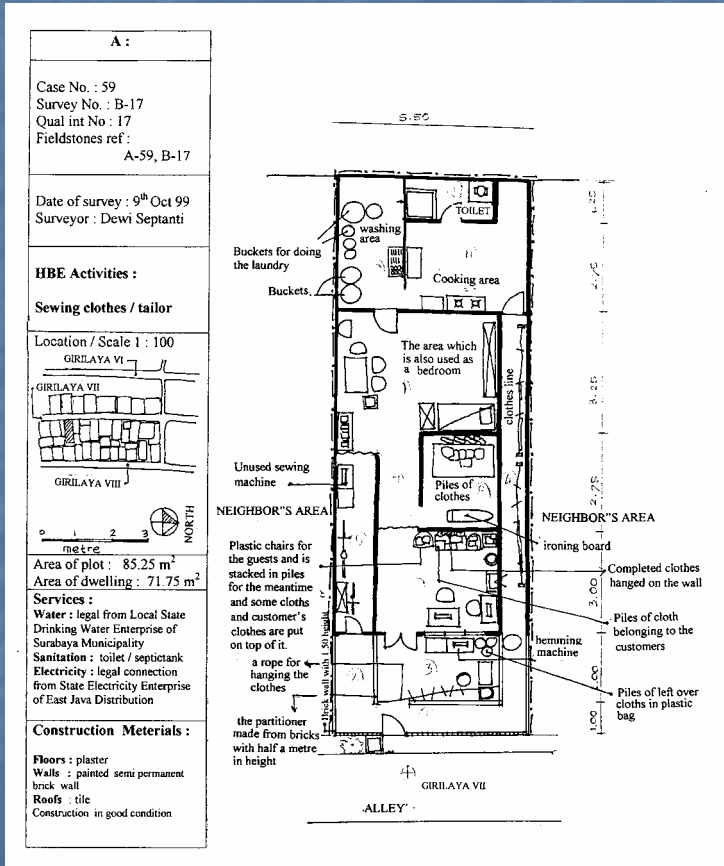
Case Identifier No. 40 Survey No. 10 Qual Int No. 01 Fieldnote Ref. 1st & 14th Feb 00	
Date of Survey 11.03.2000 Surveyor RINKEY SINGH	
HBE Activity DATIK PAINTING.	
Location Plan 	FIRST FLOOR <ul style="list-style-type: none"> • NO PROBLEM OF LIGHT / VENTILATION AT FIRST FLOOR. ONLY WHILE COOKING THERE IS SOME PROBLEM. • THE RISER IN THE STAIRCASE IS VERY HIGH. IT MAY PROVE FATAL IN CASE OF EMERGENCY. • STAIRCASE IS NARROW.
Area of DU Ground Floor 5.5 sq.m. First Floor 5.5 sq.m. Total 11.0 sq.m. Scale 	
Services Water: COMMUNITY W/S Sanitation: COMMUNITY FAC. Electricity: ILLEGAL CONN.	GROUND FLOOR
Construction Materials Floors: CONCRETE (G/G) PAVING Walls: UNPLASTERED B.C. Roofs: T.C.C.	
CARDO : SURVEY OF HOME BASED ENTERPRISES 1999	

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Case Identifier No. 74 Survey No. 08 Qual Int No. 08 Fieldnote Ref. 15th Feb. 00	
Date of Survey 14.03.2000 Surveyor RINKEY SINGH	
HBE Activity FLOUR MILL.	
Location Plan 	FIRST FLOOR
Area of DU Ground Floor 9.5 sq.m. First Floor 9.5 sq.m. Total 11.0 sq.m. Scale 	
Services Water: COMMUNITY W/S Sanitation: COMMUNITY FACILITY Electricity: ILLEGAL CONNECTION	GROUND FLOOR
Construction Materials Floors: CONCRETE (G/G) FLOOR Walls: PLASTERED BRICK Roofs: R.C.C.	
CARDO : SURVEY OF HOME BASED ENTERPRISES 1999	

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Home-based enterprises: Use of space



Home-based enterprises: policy implications (1)

- There is much to be gained from a positive official attitude towards HBEs
- Residential areas will become mixed use areas; this should be planned for
- Servicing should take account of HBEs: three-phase electricity, water supply and drainage suitable for more than domestic loads
- Access is vital but may not need to be full road width to every plot

Home-based enterprises: policy implications (2)

- Relocation of populations will displace much economic activity vital to household. Its effects should be minimised
- Planning of rooms per household should add an extra for HBE or renting (income generation)
- Single roomed dwellings should never be planned
- Housing affordability calculations should take account of HBE income as willingness to pay probably does

Home-based enterprises: policy implications (3)

- HBEs should be accounted in economic statistics, especially in any base-line data referred to by recovery programmes; potential for HBE operators to self-enumerate in order to gain influence
- HBEs should be included in benefits directed at restoring economies; loans, marketing and business assistance, etc.