

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

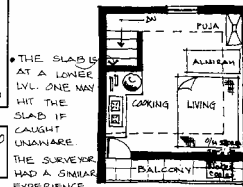
Home-based enterprises: Use of space

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.	<p>• THE SLAB IS AT A LOWER LVL. ONE MAY HIT THE SLAB IF CAUGHT UNAWARE. THE SURVEYOR HAD A SIMILAR EXPERIENCE OF BANGING THE HEAD WHILE CLIMBING STAIR.</p>
Location Plan	
Area of DU	<p>Ground Floor 5.5 sq.m. First Floor 5.5 sq.m. Total 11.0 sq.m.</p>
Scale	
Services	<p>Water COMMUNITY W/S Sanitation COMMUNITY FAC. Electricity ILLEGAL CONN.</p>
Construction Materials	<p>Floors CONCRETE (G/G) PAVING Walls UNPLASTERED B.C. Roofs T.C.C.</p>

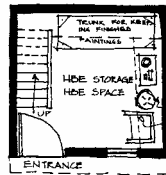
CARD0 : SURVEY OF HOME BASED ENTERPRISES 1999	
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FIRST FLOOR

- 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.



GROUND FLOOR

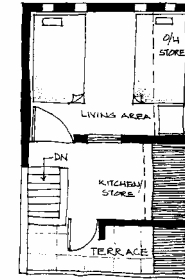
- NO CROSS VENTILATION ON GROUND FLOOR.
- PAINTING NEEDS TO BE PROTECTED FROM RATS WHICH ARE IN PLENTY.
- STORE FOR HEATING WAS HERE FOR HANGING / DRYING PAINTING.

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	

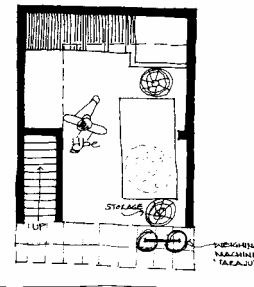
HBE Activity FLOUR MILL.	<p>• THE RISER IN THE STAIRCASE IS VERY HIGH. IT MAY PROVE FATAL IN CASE OF EMERGENCY.</p>
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Scale	
Services	<p>Water COMMUNITY W/S Sanitation COMMUNITY FACILITY Electricity ILLEGAL CONNECTION</p>
Construction Materials	<p>Floors CONCRETE (G/G) FLOOR Walls PLASTERED BRICK Roofs R.C.C.</p>

CARD0 : SURVEY OF HOME BASED ENTERPRISES 1999	
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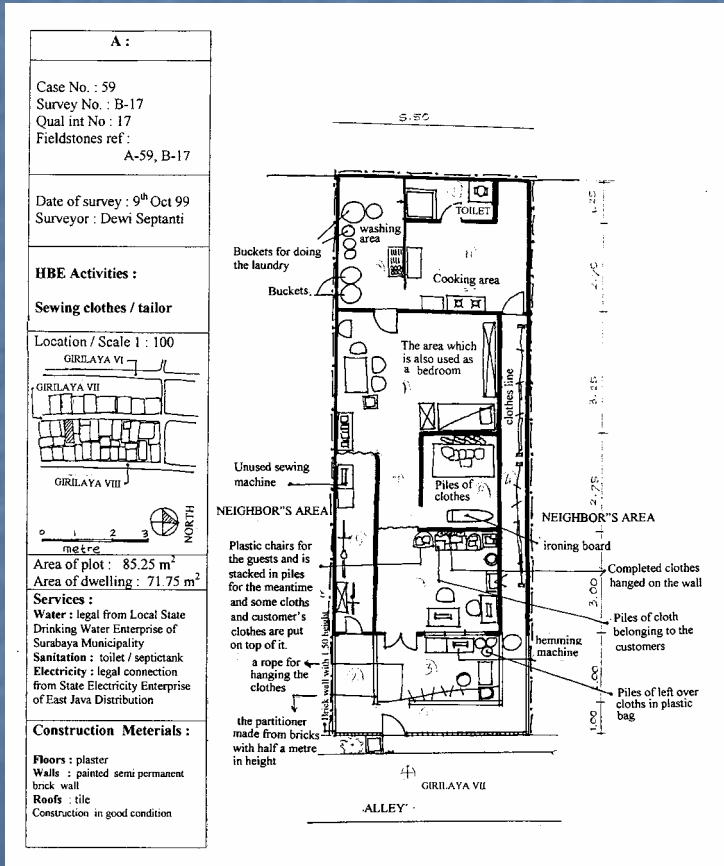
FIRST FLOOR



GROUND FLOOR

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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.