



LOW-INCOME COMMUNITY HOUSING SUPPORT PROJECT

**IMPROVING
LIVING CONDITION
FOR THE URBAN POOR**

**BASIC
INFORMATION**

APPROVAL DATE:
**April 5
2016**

END DATE:
**December 31
2021**

TOTAL COMMITMENT:
\$50 million

IMPLEMENTING AGENCY
**National Housing Authority,
Palli Karma Sahayak Foundation**

OVERVIEW

Approximately 40 million people in Bangladesh live in urban areas, and 21 percent of them live below the poverty line. Rapid urban growth has put considerable burden on urban infrastructure, most notably housing. Every year, about half a million new people arrive in urban areas in Bangladesh. Lack of adequate planning and development of cities results in an inability to accommodate this influx and this strains urban infrastructure including water supply, sanitation, transport and especially, housing. The **Low-Income Community Housing Support project** pilots a community driven approach to improve the living conditions of the urban poor in selected municipalities. Through the project, around 24,000 urban poor who live in informal, low-income settlements or slums will be able to access technical assistance, infrastructure grants, and housing loans to improve their living conditions. The project uses a community-driven approach, building community organizations with a history of self-managed projects and a desire to improve their local neighbourhoods.

CHALLENGE

Slums and informal low-income settlements in Bangladesh's urban areas provide housing solutions for the urban poor, but inadequate living conditions undermine continued economic growth and poverty reduction efforts. The urban poor are more vulnerable than the rural poor to economic fluctuations, higher costs of living, underlying insecurity of tenure, and rising land prices. Without secure tenure, the urban poor remain largely in inferior dwellings for fear of evictions. There is a critical need for alternative models of affordable housing as well as for basic infrastructure and services in informal settlement that can allow communities to thrive and climb out of poverty, rather than staying in an urban poverty trap.

APPROACH

The project takes an incremental and community-driven approach to improve living conditions in Bangladesh. It builds on organized community groups with a history of savings, and experience in planning and executing small-scale infrastructure schemes. The National Housing Authority (NHA) will help community organizations plan to change and upgrade their neighborhood. NHA will also provide technical expertise in the form of community architects, engineers and mobilizers to help identify improvements to the public services—including access to roads, drainage and sanitation, electrification, waste collection and disposal, and public spaces like parks, ponds or community centers—that the government can provide. Where possible, the NHA also tries to address land tenure issues to provide greater security to residents. This has been done in one community by giving the housing collective that was established there, titles to the public land that NHA has acquired.

Working with the Palli Karma-Sahayak Foundation (PKSF), an umbrella organization for micro-finance NGOs, the project advances housing finance for the urban poor. PKSF has introduced a new housing loan for low-income group borrowers for house repairs, improvements/extensions, or construction of a new house. The housing loan product is financially sustainable and does not require government subsidy.

TOWARDS THE FUTURE

Creating affordable housing for Bangladesh's burgeoning urban poor population is a challenging issue. The project tests out various models for affordable housing for low-income communities. The success of the program will show that individual lower-income households are a bankable market segment thereby leading to greater financial inclusion. NHA provides scope to further test and scale up initiatives throughout the country, and holds a promise for the future of affordable housing in Bangladesh. If the pilot works well, the new housing loan can be made available to low- and middle-income groups, who cannot easily access financial institutions and banks.



EXPECTED RESULTS

24,000 urban poor living in informal and low-income settlements will benefit

40,000 beneficiaries will be able to access housing loans, both through community based and other approaches (e.g. personal, joint liability, group guarantee, etc.)