A Case for the Incremental Housing Process in Sites-and-Services Programs
And Comments on a New Initiative in Guyana

George Gattoni
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Introduction
Worldwide, urbanization is a process in which both cities and low-income residents build incrementally: cities expand and improve infrastructure as populations grow; people construct houses as they can afford, one room at a time, to have a better place to live. Both advance as resources, regulations, bureaucracies, markets and costs allow. City governments look for ways to guide and control the processes, often with mixed results. In countries where government policies and practices don’t take into account the needs, rights and abilities of low-income groups, housing deficits increase. The outcomes are illegal squatter settlements and slums: the only options available to the poor. For half a century developing countries have struggled with the issues of low-income housing - at best trying industrialized, public housing models (expensive and ill-fitting) with little success; at worse, bulldozing informal settlements, thus displacing thousands of residents with few or no alternatives.

Still a set of three key issues dominates government-led attempts to house low-income groups:

1. **Land:** As cities extend outward demand for land grows. Most of newly urbanized land will be needed to house the poor. Both public and private developers — formal and informal alike — force the consumption of land contributing to wasteful sprawl and elevating prices. Formal land markets mostly ignore low-income demand. They are prone to speculation and manipulation. Because land is so highly vested, politically influenced, and complex in its transactions, public policy tends not to intervene effectively or transparently in resolving its availability, use and cost. Also, in most Caribbean countries land titling is a particularly cumbersome, costly and often difficult process beyond the reach of low-income groups.

2. **Development Standards:** Most developing countries adopt industrialized urbanization models and standards oriented to middle and upper-income housing ideals (i.e., suburban subdivision models) of the 1950s and 1960s. These standards define the urban planning approach and the regulations (zoning and codes) for urbanizing land – including that for low-income housing. These standards, applied uniformly across cities are unnecessarily costly for developing countries because they lead to wasteful and inefficient land use,
expensive infrastructure and long-term maintenance. They increase the cost of urbanization, keeping both public and private developers from producing houses that are affordable to the poor. Urbanization at high standards, fully completed, tends to be extremely unaffordable and impractical for most cities. Moreover, unrealistically high or inappropriate official standards render illegal the settlements and houses built by the poor. Also, much of land development in developing countries is by private informal developers, bypassing the costly standards, official controls and avoiding high transaction costs by selling small lots without services in “illegal subdivisions” at prices affordable the poor.

3. Public Housing: Conventional public housing (i.e., walk-up housing blocks, turn-key houses, etc.) does not fit the needs of the poor. Government housing is often too expensive to produce in quantities that impact the housing deficit. Moreover it can be diverted by political manipulation to middle income buyers, and/or its subsidies not targeted directly to lowest income households.

Reality: The poor urbanize and build incrementally
Although most governments look for ‘quick, modern and (politically) acceptable’ solutions for low-income housing, the reality is that most housing, even in urban areas, produced in developing economies is informal and self-built incrementally. Low-income homeowner-builders usually start with an improvised basic shelter that is expanded, when small savings are available. Over a period of years (sometimes generations) the rudimentary house is transformed into a good quality, even middle-income standard home. The unplanned settlements, in which these houses are built, also evolve gradually over time to become thriving and viable neighborhoods as cities extend infrastructure and services. Too often public housing policies and private sector practices do not take into account the ability of low-income groups to earn, save, borrow and invest in housing. They do not consider the fact that, by using what means and strategies are available to them, the urban poor have built their homes and made vast additions to their cities.

Cites also grow incrementally
Whether planned or spontaneous, urbanization (developing land with infrastructure and services) is an ongoing process that rarely keeps ahead of demand. This is because city budgets are insufficient to keep pace, but also because established city planning regulations and engineering standards do not pragmatically anticipate or adjust to phasing development in the same incremental way used by the informal land developers.

For decades international development agencies offered help for housing the urban poor by proposing that governments reform the housing sector. The main thrust being to redirect housing production away from the public sector. Many early projects also aimed to adopt and replicate the incremental housing strategies of the poor. Four decades ago a number of projects tested the approach by officially supporting the incremental development of land and owner-built build houses, as a way to lower costs and make large-scale production of housing affordable to governments and
low-income groups. These initiatives, known as Sites-and-Services programs, also focus on removing barriers the poor have to access land, credit, legal status - thereby providing the setting for low-income individuals to improve or build themselves a house.

Two IDB-supported housing programs - Low Income Settlements Program (LISP1 and LISP2) in Guyana, and those of some other Caribbean nations, show the potential benefits and also the conditions needed, for supporting the incremental process to house low-income groups. These initiatives raise questions and answers about the balance between access by the poor to land, credit and housing and cost-lowering development standards, and how these can be addressed in future programs. This paper illustrates key aspects (land, standards, location, and the incremental process for housing) and the advantages of the Sites-and-Services model from the perspective of the two Guyana programs.

Part 1.
Incremental development models from the past show the way for Sites-and-Services programs

Access to land and houses has long been a problem for the urban poor. Since the 1950s, as migration to cities gained momentum, governments in developing countries turned to prevailing industrialized models for housing the poor. Practically all these failed. A few governments (Peru, Mexico and Chile) quickly recognized that massive land invasions were irreversible and found strategies to accommodate vast numbers of poor at a low cost: they legalized the process by applying standards affordable to the poor. These early experiments are the conceptual foundations for polices and initiatives giving the poor a role in the housing process. In 1972, urban planners John F.C. Turner and Robert Fichter, after researching the examples above, cautioned about using conventional industrialized countries’ policies and models for rapidly urbanizing cities of developing countries: public housing projects and city master plans popular at the time did not work for the growing population of the poor, and were in the way of the poor helping themselves. They pointed to needs and strategies the poor used, that, if recognized and supported, offered more effective results. The models that lend themselves to incremental development seemed a more effective way of responding to rapidly growing cities and to the needs of the urban poor. An important policy feature of these early models is that they began a process of officially annexing or incorporating both existing informal or extra-legal settlements and new low-income housing developments into the fabric of cities – and supported a process of regularizing tenure, and the self-help strategy of building incrementally. Today, over 40 years later, their message is even more valid and poignant. The early theories and models have proven to be appropriate and effective.

Formative models
The land allocation example
In the 1960s, overwhelmed by an influx hundreds of thousands poor rural migrants, Peru’s government unsuccessfully attempted to stop the influx or accommodate them by conventional means. Arriving in cities without viable housing options, the migrants devised clever strategies to find shelter. They organized overnight invasions of government lands on the outskirts of Lima and other cities. Knowing that land laws at the time protected individuals claiming use of land from eviction—if they demarcated the plot and started building a house. Homesteaders immediately built shelters of discarded materials. Government, recognizing this as a viable large-scale and low-cost housing policy, authorized and legitimized the invasions. Working with community leaders, a simple, orderly, controlled process as instated for the long-term development of the settlements. Initially government provided trucked-in water, medical care, and other basic support services. The approach incrementally introduced more and permanent infrastructure and services at a gradual, affordable pace. Over time government, continually collaborating with the community organizations, introduced infrastructure, services and transport. Simultaneously, secure in knowing they would not be evicted, settlers began building and improving their homes. By joining forces with the poor and legalizing their affordable approach to housing themselves, “pueblos jóvenes,” or “young towns” became a major part of the national housing policy. Within four years 188 pueblos jóvenes were settled, accommodating approximately 1.4 million inhabitants, each with elected community representatives. By 1980, some 500,000 of Lima’s dwellings were in pueblos jóvenes and the neighborhoods not only took shape, but many became political districts of their cities. Forty years later these settlements are fully consolidated and integrated as municipal districts of the city. Villa El Salvador, one of the original pueblos jóvenes, has become a municipality of greater metropolitan Lima. Chile had a similar approach, called “chalked” neighborhoods, where government laid out streets and blocks with chalk stripes as on a playing field, to guide the allocation of plots to settlers to organize and support their own incremental urbanization process. Large tracts of land are subdivided with plots and streets - but without infrastructure. The approach quickly settled and managed the rapid influx of settlers while establishing the foundation for the subdivisions’ long-term development. By laying out future street easements, bus service could start quickly. At the onset very basic services (truck-supplied water) were introduced. Over time infrastructure was introduced at a manageable pace for government. This public response adopts and improves upon, but counteracts the “illegal subdivisions” of informal developers by giving residents and their neighborhoods legitimacy – with rights and obligations.

**Guided land development example**

Another valuable example is Mexico. Starting in the early mid-1940s, responding to demands from newly arriving rural migrants, government invited and authorized private developers to lay out vast residential housing estates without requiring development codes or planning regulations, and sell plots affordable to very low-income buyers. One of these, Ciudad Netzahuacoyotl, then the far outskirts of Mexico City, was developed in 1958 (with a layout of streets covering about 45 square kilometers) with minimal services. By 1970 it had a population of 570,000 –
the fourth largest municipality in the country at the time. Today it exceeds 2 million and is fully developed.

Adopting the models: early Sites-and-Services
In the early 1970s Sites-and-Services programs emerged (and supported by some international development agencies), based on the models and theories above. These programs build upon the ability of low-income individuals to build and improve their house. The concept is to make available land for housing to encourage and support the home buyer-builders’ strategy of incrementally constructing both their houses and their neighborhoods. Sites-and-Services programs provide only what the households cannot easily get or afford themselves: a plot of land with basic, essential utilities (clean water, sanitation, flood protection, security lighting, etc.), municipal services (refuse collection, schools, etc.) and, importantly, financing. Project subdivisions are developed with small (affordable) plots for sale. Infrastructure is designed so it can be upgraded and expanded over time. Some programs offer optional “sanitary cores” and/or a basic “starter” core house to speed up the owner-built incremental development processes. The idea is to overcome the major constraints keeping the poor from participating in “formal” housing and land markets: lack of credit (and subsidies), scarcity of low-cost, affordable land, with of municipal services, and high official permitting and transaction costs. These programs also combine financing and subsidies and household savings.

Sites-and-Services programs also make use of the incremental approach for building the housing subdivisions (laying out residential plots and public land for services): infrastructure and municipal services are introduced gradually reducing the initial development costs, and allowing government agencies, municipalities and service providers to build up delivery capacity to add more infrastructure and services as the neighborhoods’ needs grow. The incremental strategy also speeds up production of subdivisions and the availability of housing plots.

Standards for incremental development of Sites-and-Services
To be effective Sites-and-Services programs need instruments to enable the incremental development process - both for the owner-builder and for the subdivisions (neighborhoods). The key instruments are design and engineering standards appropriate for low-income housing and subdivisions. Specialized standards will:
- Allow building incrementally
- Reduce up-front and future costs
- Make building affordable (for homeowners, local governments and service providers)
- Fit the evolving needs of low-income communities
- Increase density and use land more efficiently
- Provide flexibility
Conventional public low-income housing programs (like many seen throughout the Caribbean) tend to use a single uniform (city-wide) urbanization standard regardless of the housing type and cost – elevating development costs and increasing the need for subsidies, maintenance of public spaces and infrastructure. Moreover uniform building regulations are inflexible and seldom match the changing needs of low-income households (which is why they are often ignored).

**Appropriate standards can facilitate the incremental development of the subdivision**

Specially applied town planning and engineering standards used for Sites-and-Services take into account phased development of essential infrastructure and services (water, sanitation, streets, storm drainage), as well as community-wide services (refuse collection, maintenance, security lighting, playfields and open spaces, schools, etc.). This often calls for reformulating development regulations, for example to increase allowable densities, reduce lot sizes (in Caribbean countries it is not unusual to have codes for minimum plots size of 5,000 square feet), and introduce stages over time to update and expand infrastructure, and add public services. Building codes can be made flexible to accommodate future addition of rental apartments on a plot, or to provide for small-scale businesses. Land use patterns in lower-income subdivisions may need to change and adapt to new needs over time. For example street paving and parking needs can be planned to be upgraded and expanded over time as needs of the neighborhood change. It is important to note that appropriate urbanization standards for low-income housing subdivisions are not always or only for cost-lowering reasons. Some extra investments or **higher standards** than the norm may be needed: more play areas, open space for public meetings and recreational uses are needed as these neighborhoods ten to have more on-site interaction. Community centers, additional security lighting, bus stop shelters, satellite police posts, etc. are more intensely used. Proximity to schools and school use ratios tend to be higher.

**Involved Communities**

Most Sites-and-Services programs encourage and rely upon community organizations and community leaders to help plan and implement the projects, and include sub-components to help communities organize and build their capabilities. Community organizations can take important incremental implementation tasks. For example, these organizations not only articulate collective concerns and needs, but in some cases mobilizing resources to carry out community projects, including maintenance of public spaces, and in helping coordinate community development sub-programs, etc.

**Sites-and-Services Pros and Cons**

**Advantages of Sites-and-Services:**

- Gives participating households legitimate ownership with rights and obligations.
- Organizes, facilitates and speeds up the incremental process.
- Provides the most difficult needs of individuals and communities – i.e., affordable land with tenure security, credit, basic infrastructure and municipal services, safety
and security, community/neighborhood facilities, and a say in the decision-making of the neighborhood.
• Helps families mobilize savings for shelter.
• Promotes community cohesion and shared responsibilities.
• Provides conduits for complementary city/national social assistance programs.
• Helps government prioritize and make available land for low-income housing as part of a more rationalized city growth plan.
• Organizes and improves coordination among infrastructure, utilities and service provision agencies.
• Becomes the vehicle for private sector partnerships (i.e., mixed use land development schemes like macro-projects).
• Can help rationalize land markets.
• Lowers the cost of housing production for government and for homeowners.
• Provides an opportunity for NGO and private partnerships.
• Has a positive environmental impact.

Hurdles to overcome:
• Requires strong political and policy commitment from national and local government - continuing over time; regardless of changes of electoral cycles.
• Must have the political will to address the issues of land assembly, and acquire public or private lands for low-income housing.
• Must change attitudes, and conventional house-type preferences of government and prospective homeowners about what is acceptable, appropriate housing.
• Takes time to complete the incremental process; it does not look “tidy or nice-looking” for years – politically this can be a problem.
• It can be subject to inter-agency conflicts with on-going conventional housing approaches.
• In the Caribbean land scarcity is a major, difficult issue to overcome.

Conditions needed for a successful Sites-and-Services program:
• Political will, sustained over time
• A clearly articulated national housing policy that is pro-poor, equitable and builds on the ability of individuals and municipalities to build incrementally
• Policies for making land available for low-income housing
• A parallel or combined national squatter upgrading program
• Appropriate town planning norms, codes and standards to allow for the incremental development process

Misperceptions about Sites-and-Services
Some international development agencies have the perception that Sites-and-Services may not have been successful, but it is not clear why. International agencies are confronted with counties making that claim. Many governments making these assertions are reluctant to develop public land, or have high expectations of what low-income houses should be. (Ironically these countries usually cannot afford the level of subsidies to build "developed country" standards houses). Early Sites-
and-Services projects of the 70s and 80s were the “learning by doing” period developing the concept. These and later programs are not well documented over time. Few proper updated evaluations of existing Sites-and-Services programs have been carried out. Some valid criticisms of specific projects can be traced to the lack of performance on the part of governments (i.e., lack of continuity, commitment, political will) to follow up on providing services, corrupted allocation policies, etc. Some others, particularly in the early years, suffered from not fully understanding how to apply the concept to their particular country’s needs and context. Like upgrading programs, these are not one-size-fits-all.

But development agencies also failed to provide continuity in support of the concept. Mostly development agencies that supported testing the approach did not stay with the process of institutionalizing the concept via follow-up projects. Unfortunately, for a variety of reasons not related to the concept or project performance, the Sites-and-Services projects were not mainstreamed. International development institutions [i.e., World Bank] that supported the pioneering efforts - and by doing so, leveraged governments to restructure policies to fit Sites-and-Services and slum upgrading - did not sustain their efforts to support government follow-through with on-going programs at a national scale that would institutionalize the policies. With a few exceptions, most governments, without international support, also failed to invest and convert the demonstration projects into permanent programs. Development agencies found that supervision of Sites-and-Services projects were costlier and more complex (i.e., they had more conditionality leading to policy change and needing coordination across municipal agencies and utility companies) than single infrastructure portfolios. The biggest implementation problem was that governments were not willing to allocate public lands in appropriate locations (housing the poor was not the priority for most governments at the time as it is today). Importantly, in the late 1980s some development agencies shifted emphasis of their urban assistance from housing to poverty programs for poorest (i.e., slum upgrading as supporting structural adjustment) and then to municipal development and decentralization. In the process they stopped lending for Sites-and-Services. This accounts for much of the impression that Sites-and-Services projects failed. Nevertheless, the Sites-and-Services models remain valid policy choices for rapidly growing cities with large low-income housing deficits. Many projects three decades later are indistinguishable from “regular” neighborhoods.

Examples Put Into Practice
There are many good examples of Sites-and-Services programs, housing millions of households worldwide. Over fifty countries have carried out large-scale Sites-and-Services programs. A successful pioneering case is that of FUNDASAL (a local NGO) of El Salvador. In the early 1970s the country had had 10,000 new urban households forming annually, but the government and formal sector were only producing a total average of 2,600 houses yearly - practically none of which were for the poor. FUNDASAL, which started by helping the poorest families build their own houses, found that key to doing so at a large scale was to help groups of families access land and by organizing their in-kind efforts could speed up the process. Over time the NGO
helped produced on average, about 2,000 serviced plots per year in the period 1970–1980, all affordable to, and bought by, residents of squatter areas and sub-standard tenements. The program’s innovations – based on its clients’ strategies and abilities - proved to be more cost-effective and viable than other national housing efforts - including the “social” public housing programs of walk-up apartments. Two sequenced World Bank loans supported the program, and the successful example helped shift government’s housing policies to include the poorest of the urban poor. Eventually government used the approach (and lower, more appropriate standards) for its National Social Housing Fund (previously producing mid-income housing) to attract private developers to produce housing for lower-income homebuyers. Eventually private developers adopted the Sites-and-Services model to produce hundreds of thousands of plots for the lower-income buyers over the years.

Part 2
The Guyana case –

Sites-and-Services in Guyana and the Caribbean
The Sites-and-Services model is particularly relevant for the smaller and medium size cities of the developing world – and countries of the Caribbean that may not grow at high rates, but already face significant housing, infrastructure and fiscal deficits. The international scenario in many ways mirrors the problem of public provision of land and housing for the lower-income groups of Guyana and other Caribbean countries. Island countries tend to be smaller, more densely and evenly populated with fewer large cities. Although Guyana, a large country that is not an island, has its population primarily concentrated along its ocean cost. Its vast inland rainforest is largely undeveloped and sparsely populated. The coastal settlement pattern is historically an almost contiguous agglomeration of settlements, now towns, linked by coastal roads. While most developing countries face the problem of limited public land for urban expansion, Guyana (as well as some other Caribbean countries like Trinidad) has public lands available, but their use is not comprehensively planned or assigned. Privatized government-held sugar lands surround the urbanizations. Several years back, the government launched a land divestiture policy to support the development of low-income housing. Like most Caribbean countries, Guyana has extremely high and inflexible housing norms. Public policy places high expectations for providing fully finished public houses on large lots. A decades-long paternalistic tradition of public rental housing has also influenced beneficiary preferences for large, high-quality, and fully finished houses, and the private housing sector remains uninterested in the lower end of the housing market. These factors, combined with very expensive construction make low-income housing unaffordable without major allocations of national subsidies.

Lessons for Incremental Development and Standards in Sites-and-Services Programs in Guyana
The Government of Guyana has, over the past eight years, sought to address the issues of land and housing for its low-income population. First by means of a land
divestiture program, then by a Sites-and-Services program. The experience and lessons of these two initiatives illustrate some key elements and criteria for using the incremental development process in Sites-and-Services and low-income housing.

The two consecutive IDB-supported housing operations for Guyana show an evolution to an incremental development concept to achieve a comprehensive low-income housing strategy. The first, the Low Income Settlement Program (LISP1), implemented from 2000 to 2007, had the double objective of upgrading and regularizing squatter settlements and divesting national lands to produce plots with infrastructure (utilities) for low-income housing. The program did not produce houses on the plots; rather expectations were that beneficiaries would mobilize savings and loans to build their own houses. The Land Divestiture Component produced ten new subdivisions in eight Regions of the country, producing about 9,000 residential plots. The Squatter Upgrading Component improved basic infrastructure in five existing settlements in four Regions, benefitting about 3,700 households.

Issues and Lessons of LISP1:

• A slow rate of lot occupancy became a main issue to address. At completion, only about half the plots allocated were occupied. Slow plot occupancy has an economic cost (i.e., a high opportunity cost) to Government and a setback for beneficiaries allocated and paying for plots not used. It is also a problem for households who applied, but were waiting for a plot. A combination of reasons account for this, including problems of affordability, location, infrastructure and service deficiencies. However, the most prevalent stated reason is that these households could not afford to build a house to move into. Often there is the expectation that they would not move into a house until it is ‘finished’.

• Financing a plot and a house is a problem for many households. They cannot mobilize savings and/or cannot get financing needed to build a fully completed house ready to move into. While this is mainly a problem of household income, beneficiaries are confronted by other problems - for example, housing finance institutions’ lending regulations and requirements, geared to middle income housing, preclude the type (and cost) of house affordable to most project beneficiaries. Alternative financing or measures to help make house construction affordable (including subsidies) are generally not available to most potential program participants.

• Location of project subdivisions also contributes to slow occupancy. The Land Divestiture Component aimed to reduce Guyana’s significant low-income housing deficit by developing new subdivisions of housing plots on large parcels of government land (in this case of lands made available on fallow government owned agricultural lands). These subdivision sites are mostly located in sparsely populated areas in the vicinity (exurbs) of towns and cities. The location of project subdivision sites leads to a number of problems. Low-income households are more sensitive to, and affected by, location. For example, these households are more dependent on established social (capital) networks. Subdivisions far from employment, schools, and commerce increase household transportation expenditures and reduce the ability to
save to build a house. There is a lack of supporting facilities and services in the subdivisions. Even though areas are reserved for schools, playfields, health clinics, etc., construction of these was not included in the project as they are to be built later, by others. Only a few police posts have been built and there are no plans at the moment for developing other community facilities. Markets, commerce and other service amenities are not available either. Because there are few neighboring settlements offering these amenities, residents must travel considerable distances on foot or on public transport to access these services. The lack of commerce also minimizes potential nearby employment opportunities and increases household expenditures.

- **Households prefer not to move to their allocated plots if utilities and services are not available.** Some utilities and infrastructure was not completed at the time of plot allocation. Infrastructure, utilities and services need to be pre-planned and financed to be available at the time plots are allocated. Water supply, electrical service, septic tanks, storm drainage and street lighting are basic requirements for each project subdivision. Each plot should easily connect to water and power supplies and have sanitary septic systems. Community services and facilities (i.e., schools, community activity centers, playgrounds, security posts, bus shelters, etc.) should be planned, and land within each subdivision made available and connected to the utility networks.

- **Private sector participation in low-income housing is scarce and reluctant.** Private sector developers’ perceptions about the ability of low-income households to pay is one reason; another more prevalent one is that official building codes standards are too high to produce houses affordable to those income groups.

**Lessons that Guided the Design of the LISP2 Sites-And-Services Program**

The following Lessons from Guyana’s LISP1, below, helped guide the planning and design of the LISP2 Sites-and-Services program:

1. **Sites-and-Services subdivisions need special planning and engineering standards, and an appropriate package of basic services,** not only to lower costs, but also to make subdivisions more livable while supporting to incremental building process. This will help avoid issues like low occupancy of plots experienced in the Guyana LISP1, and is an objective of LISP2.

2. **A plot alone does not solve the shelter problems of low-income households:** Sites-and-Services programs should provide a package of basic needs at the time of allocation: land, infrastructure, community services plus access to financing (ideally with a combined savings for subsidy program). An option for a starter or “core” house to help households quickly move to their plots and begin the incremental house building process will be available to beneficiaries of LIS2.
3. **Households might not afford a plot and to build a complete house.** Sites-and-Services programs should include mechanisms (combining savings, subsidies and credit) to help households finance and incrementally build a house.

4. **The location of the subdivision is important:** Low-income Sites-and-Services subdivisions should be carefully located – for several reasons. In terms of developing the subdivisions, proximity to existing utility mains, access roads and municipal services are key to lowering costs production and speeding up construction and service delivery. From the perspective of resident beneficiaries, location is critical for access to low cost public transport, access to schools, and jobs.

5. **Subdivisions should emphasize efficiency and incremental development standards of both the neighborhood and the residential plots:** By adjusting design parameters (i.e., using engineering norms appropriate to incremental development) and efficient land use layouts (i.e., the ratio of residential land compared to public uses such as streets, etc.), subdivisions can increase residential density, lowering the unit cost of developing the site (more plots can be produced on the same amount of land and more land can be used for community facilities). Layouts of streets and plots should minimize the amount of infrastructure needed (i.e., by lowering the ratio of network length per plot). This substantially reduces the cost of the entire subdivision and the individual cost per plot.

**Guyana’s LISP2 Program**

Building on the lessons of LISP1, the Second Low-Income Settlement Program (LISP2) is a strategic change of objectives from **land divestiture only to a full Sites-and-Services program.** This approach to low-income housing subdivisions will provide communities with basic infrastructure, services and amenities at the time of plot possession. The program also encourages and facilitates timely plot occupancy by supporting the incremental owner-builder process, providing a range of built-house and house expansion options, along with related new financing alternatives to “jump-start” the housing process for households. It includes pilot projects for: an expandable core, or “starter” house, allowing immediate occupancy and future expansion and completion as households accumulate savings, as well as construction and building materials credits for house construction/expansion.

**Strategy**

LISP2 introduces several strategic changes to improve both the supply of affordable housing and access to it by low-income households in Guyana. These modifications directly make living conditions markedly better for lower-income groups. The program enhances government’s land divestiture initiative by more efficiently producing better-serviced plots while increasing access to affordable housing. The program builds the potential of individual homeowners and communities to proactively engage in the program. There are important roles for the communities in all program components’ stages - design, during and after construction. This requires more capacity at the responsible Ministry and its implementing units to organize and develop the
communities as effective partners. The program has initiatives to address barriers to access to lower-cost houses. These address the affordability difficulties encountered by beneficiaries of LSIP1 (which caused much of the slow occupancy of plots) by tapping the potential of incremental home construction by owners through construction loans and optional core-starter houses that can easily be expanded. Another other initiative is to test and demonstrate the potential of public-private joint ventures in the provision of affordable housing. To do all this more effectively the program will help existing institutions develop capacity and strengthen and coordinate the planning and implementation processes.

Summary and Conclusion
Urbanization drives national and global economies. As Caribbean nations like Guyana continue to urbanize, the manner in which land is used, planned and allocated becomes a major national concern. Also changing are expectations of what government-supported standards for urbanization and low-income housing can and should be – and how it is made available. Even modest land consumption projections question the present ability to manage and shape cities’ futures – especially when a large share of a cities’ population consists of the poor and “illegal.” Countries that cannot transform their urbanizing low-income population from marginalized and informal into full citizens with access to land, credit and housing – and with the related obligations and responsibilities - are not likely to be economically viable. Key economic and social goals for cities in the next decade therefore are to eliminate existing barriers of access for lower-income groups - for the greater benefit of the city and the nation.

The lessons of the two Guyana Low Income Settlements Programs illustrate how housing policy can evolve into a more viable strategy for addressing the land and housing needs of low-income households. A major shift is introducing concept of incremental development for a “pay-as-you-can-afford” process for all involved - the individual homebuilder, the neighborhood/community, the implementing agencies and government. This approach copies the cost-lowering strategies of informal development of settlements and households. Importantly, the process draws on the ability of low-income individuals to contribute their share, in a way and at the pace they can afford, thus minimizing the direct role of public agencies in the production of housing. At the same time it calls on, and organizes, the entities responsible for planning and providing utilities and services (municipalities, utility companies, social support agencies, etc.). By introducing a combination of better-located sites, land for lower-income groups, basic services and community amenities, cost-lowering measures, and financial support for home construction, subdivisions can be more affordable for all: households, government, municipalities and utility providers. A well-planned Sites-and-Services program has the potential to organize and speed-up incremental process, producing better, safer and more efficient housing and neighborhoods than the informal model it replicates. However, the introduction of the incremental process calls for a major policy shift and willingness of government to accept and promote incremental owner-built housing process. This major shift in approach must also be understood and accepted by the program’s beneficiaries.
Many Caribbean countries are tied to the convention of providing a complete house. Both governments and beneficiaries need to change expectations and perceptions of the process leading to an affordable home.

The incremental development process of Sites-and-Services programs has much potential for countries of the Caribbean and beyond. However the concept and its application must be well understood by government and borrowers, and needs to be carefully conceived and prepared. Lessons learned [much literature] about how to make these effective must be available to policy-makers and technical professionals. The models can and should be updated and adopted to the present conditions of constraints. Combined with squatter upgrading, Sites-and-Services can be the core of a national housing strategy for most countries seeking to improve the conditions of lowest-income groups.

Annex: Details About the Incremental Development Process and the Sites-And-Services Model

1. Sites-And-Services Pros and Cons

Advantages of Sites-and-Services:
- Gives participating households legitimate citizenship with rights and obligations.
- Organizes, facilitates and speeds up the incremental process for the most difficult tasks individuals and communities need – i.e., to obtain land with tenure security, affordable credit, basic infrastructure and municipal services, safety and security, community/neighborhood facilities, and a part in the decision-making of the neighborhood.
- Helps families mobilize savings for shelter.
- Has a positive or mitigating environmental impact.
- Promotes community cohesion and shared responsibilities.
- Provides conduits for complementary city/national social assistance programs.
- Helps government prioritize and make available land for low-income housing as part of a more rationalized city growth plan.
- Organizes and improves coordination among infrastructure, utilities and service provision agencies.
- Becomes the vehicle for private sector partnerships (i.e., mixed use land development schemes like macro-projects)
- Can help rationalize land markets.
- Lowers the cost of housing production for government and for homeowners.
- Provides an opportunity for NGO and other private partnerships
Difficulties of Sites-and-Services:

- Requires strong political and policy commitment from national and local government - continuing over time, regardless of changes of electoral cycles.
- Must have the political will to address the issues of land assembly, and acquire public or private lands for low-income housing.
- Must change attitudes, and resistance, conventional house-type preferences on the part of government and or on the part of prospective homeowners about what is acceptable, appropriate or "decent/respectable" housing.
- The incremental process takes much time to complete; it does not look “tidy or nice-looking” for years – politically this can be a problem.
- It can be subject to inter-agency conflicts with on-going conventional housing approaches.
- In the Caribbean land scarcity is a major, difficult issue to confront.

Conditions needed for a successful Sites-and-Services program:

- Political will, sustained over time.
- A clearly articulated national housing policy that is pro-poor, equitable and builds on the ability of individuals and municipalities to build incrementally
- Policies for making land available for low-income housing
- A parallel or combined national squatter upgrading program
- Appropriate town planning norms, codes and standards to allow for the incremental development process

2. Misperceptions about Sites-and-Services

Some international development agencies have the perception that Sites-and-Services may not have been successful, but it is not clear why. International agencies are confronted with that claim by governments reluctant to develop public land, or which have high expectations of what low-income houses should be. Ironically, these same countries usually cannot afford the level of subsidies to build "developed country" standards houses. Sites-and-Services models (beginning the 1970s and 80s – which were the ‘learning by doing” years for developing the concept) are not well documented or understood. Few proper updated evaluations of existing Sites-and-Services programs have been carried out. Some valid criticisms of specific projects can be traced to the lack of performance on the part of governments (i.e., lack of continuity, commitment, political will) to follow up on providing services, corrupted allocation policies, etc. Some others, particularly in the early years, suffered from not fully understanding how to apply the concept to their particular country’s needs and context. Like upgrading programs, these are not “one-size-fits-all” solutions. Many governments at the time found it less costly and easier to simply continue with a “laissez-faire” policy: the poor are “resolving” their problems on their own. Moreover, governments found that programs for upgrading low-income settlements and producing sites with services implies recognizing many rights for the poor – a position not many were ready to take at the time. This is no longer the case today.
But development agencies also failed to provide continuity in support of the concept. Mostly development agencies that promoted testing the approach did not stay with the process of institutionalizing the concept via follow-up projects. Unfortunately, for a variety of reasons not related to the concept or project performance, the Sites-and-Services projects were not mainstreamed. International development institutions [i.e., World Bank] that supported the pioneering efforts - and by doing so, leveraged governments to restructure policies to fit Sites-and-Services and slum upgrading - did not sustain their efforts to support government follow-through and institutionalization of the policies. With a few exceptions [such as?], most governments, without international support, also failed to invest and convert the demonstration projects into permanent programs. Development agencies found that supervision of Sites-and-Services projects were costlier and more complex (i.e., they had more conditionality leading to policy change and needing coordination across municipal agencies and utility companies) than single infrastructure portfolios. The biggest implementation problem was that governments were not willing to allocate public lands in appropriate locations (housing the poor was not the priority for most governments at the time as it is today). Importantly, in the late 1980s some development agencies shifted emphasis of their urban assistance from housing, to programs [another word?] for poorest (i.e., slum upgrading as supporting structural adjustment) and then to municipal development and decentralization and stopped lending for Sites-and-Services in the process. This accounts for much of the impression that Sites-and-Services projects failed.

Nevertheless, the Sites-and-Services models remain valid policy choices for rapidly growing cities. Many projects succeeded and three decades later are indistinguishable from “regular” neighborhoods. The concept is still in practice.

3. Frequently Asked Questions (FAQs) About Standards

a. Do standards have to be lowered?

Usually. It is not always about lowering official standards; they often need to be made flexible and adjusted at the onset of the process in order to:

• adapt to incremental development of neighborhoods/cities and home construction
• help owner-builders reduce construction time, costs and improve quality and safety of the house
• improve conditions for the community - some standards can/should be adjusted upwards – i.e., to provide residents transition to the neighborhoods, more or better community facilities such as schooling, security, access to transport, playgrounds and landscaping are needed. These additional investments can have an immediate positive impact for individual families and the community.

b. Is reducing the standards enough?

It is not about reducing or adjusting standards for cost-savings alone. It is about:

• helping better plan and rationalize urban growth
• increasing the efficiency of land use
• providing better infrastructure, services and their management
• having a larger share of lower-income groups (equity) access land and services at a lower (subsidy) cost to government, while reducing public sector inefficiencies

c. How much can or should standards be lowered? Is there a direct correlation between standards and occupancy levels?

Too low standards cause problems. The key is to find the appropriate level for each context and beneficiary group. As important is the fact that in some cases official standards (norms) may be too low for lower-income communities that have specific needs like more space for playgrounds and less for off-street parking, for example. In the case of Guyana’s LISP1, too few services and too low standards partially caused some of the plot occupancy delays. In that case, the occupancy problem resulted from a combination of other factors that are “standards,” that also need to be considered:
• Remote location of the subdivision sites
• Plot allocation policy that ignored demand preferences
• Lack of utilities, amenities and facilities at the time allocation (insufficient level of these standards)
• Lack of household savings / access to credit to build a compete house
• Overly idealistic expectations and preferences of traditionally moving into a “proper” finished house

d. Do changes in standards have a long-term impact on housing policy and the housing sector?

It is not only a matter of standards; it is the introduction of a comprehensive approach to the housing sector, an important part of which is Sites-and-Services. These programs should be backed by housing policies allowing special norms and standards. These would lower initial development costs, making housing more affordable for local government and utility companies, and have more subsidies reach large numbers of beneficiaries. Importantly these programs call on local administrations make better long-range strategic plans for land use, mitigating environmental problems, and rationalized investing in trunk infrastructure, public transport, maintenance, etc.

The cost of producing [re-word] new, low-income land (with appropriately sized residential plots) and services varies considerably worldwide. OR

The cost of producing new, appropriately sized residential serviced plots on low-income land varies considerably worldwide.

OR

The cost of producing new low-income, appropriately sized residential serviced plots varies considerably worldwide.
However on average, providing infrastructure to appropriately planned and Sites-and-Services subdivisions can be about half the cost per plot of land as the per-household cost of upgrading infrastructure of an existing squatter settlement. Therefore an important part of planning Sites-and-Services subdivisions is maximizing land use and infrastructure efficiency. However, land with basic infrastructure may still not be affordable to the poorest populations, so a combined national effort of settlement upgrading and Sites-and-Services is called for. As with squatter upgrading, land development and shelter policies that reach the poorest will need well-targeted subsidies, incentives for developers to produce lowest-cost, land- and infrastructure-efficient schemes, and [combined with] creative public-private financing arrangements. Over time services and infrastructure are expanded and improved upon. These programs introduced decades ago, show it is possible to help the low-income household acquire urbanized land and self-build their homes, incrementally, over time, at the pace affordable to them. These methods and tools for Sites-and-Services have potential to be applied at a large scale.