



Foundation for action

How access to adequate housing benefits
people living in informal settlements —
and society as a whole

Summary

There is an intrinsic value in making sure residents of informal settlements have access to adequate housing. Everyone deserves the opportunity to live in an affordable home that has sufficient space, is structurally sound, and is connected to basic services such as water and sewers. The people living in those homes should have “secure tenure” that protects them against forced evictions, harassment and other threats.

But what other benefits would be realized if housing improvements took place at a massive scale in a country, so that everyone living in informal settlements gained equitable access to adequate housing? How would that impact a

country’s economic development? More importantly, what would be the effects on income, health and education for both residents of informal settlements and the wider society?

Habitat for Humanity and our research partner, the International Institute for Environment and Development, or IIED, answer those questions in a report titled ***Improving Housing in Informal Settlements: Assessing the Impacts in Human Development***, released to help launch Habitat for Humanity’s **Home Equals** campaign for more equitable access to adequate housing in informal settlements around the world.



Findings

Through an extensive literature review and a statistical modeling exercise, the report shows that adequate housing is a powerful catalyst for well-being and sustainability. Among the key findings:

- At the national level, **equitable access to adequate housing in informal settlements can generate a direct impact of as much as 10.5% economic growth, measured as either gross domestic product or gross national income per capita.** The resulting increase in living standards among residents of informal settlements, taken as a whole, is likely to exceed the **cost of improving informal settlements in many countries.**
- **Life expectancy could increase up to 4% for countries around the world, adding 2.4 years of life on average. More than 730,000 preventable deaths could be avoided annually,** a number that is higher than eradicating malaria globally.
- The **expected years of schooling in some countries would increase by as much as 28%** because of access to adequate housing in informal settlements. Globally, **as many as 41.6 million additional children and young people could be enrolled in primary and secondary education** because of housing improvements in informal settlements. **This is equivalent to 16.1% of the total number of children and young people currently missing education. That's 1 out of every 6 out-of-school children in the world.**
- When combining the results of the three dimensions of the Human Development Index, or HDI, — income, health and education — the modeling shows an overall impact in the human development level for countries. Providing access to adequate housing in informal settlements could lead to **a jump of up to 18 places in the HDI country ranking** and a change in human development level from low to medium or from high to very high.

These returns are impressive on their own. Even so, they are likely a substantial underestimation of

the overall benefits stemming from increased access to adequate housing, the researchers concluded, because improving the lives of those living in informal settlements has implications that go beyond their individual well-being and affect the entire society. This is partly due to the impact of improving housing in informal settlements on environmental, political and care systems that support human development progress for everyone. Although data gaps prevent researchers from quantifying this “spillover” effect, the evidence is clear that **when residents of informal settlements do better, everyone does better.**

Methodology

IIED developed a unique modeling methodology for this report, combining a review of **more than 130 articles and reports with 72 indicators across 102 low- and middle-income countries.**

Even so, there were data gaps in some countries for indicators such as mortality rate, prevalence of tropical diseases and school enrollment rate. To overcome that, IIED created four separate typologies of countries, which are in essence theoretical countries constructed using weighted averages of available data:

- **Type 1:** High HDI, low percentage of slum dwellers. Countries such as Argentina, North Macedonia and Egypt.
- **Type 2:** High HDI, high percentage of slum dwellers. Countries such as Indonesia, Jordan and Thailand.
- **Type 3:** Medium HDI, high percentage of slum dwellers. Countries such as Honduras, India and the Philippines.
- **Type 4:** Low HDI, high percentage of slum dwellers. Countries such as Cote d'Ivoire, Haiti, Ethiopia and Malawi.

IIED was able to produce calculations for each typology to **model improvements in GDP/income per capita, life expectancy and education** in three scenarios: cautious, moderate and optimistic.



Policy recommendations

More than half of the 1.8 billion people who currently lack adequate housing globally live in informal settlements, which are not only a physical manifestation of the world's most pressing development challenges but also home to the people leading the way in finding solutions. With that in mind, the report calls on government officials and other stakeholders at the local, national and international levels to:

- **Prioritize the home as a lever for equitable human development to alleviate poverty, improve developmental outcomes, generate economic growth and care for the environment.** Adequate housing and informal settlement upgrading are fundamental for the future direction of urban development.
- **Take a comprehensive approach to housing interventions in informal settlements by including tenure security, basic services, climate resilience and the empowered participation of residents.** This helps ensure the integration of housing and informal settlement upgrading programs into the urban plans of local governments and, by recognizing informal settlement residents as empowered actors in spaces that usually render them invisible, influences wider governance systems in ways that tackle inequalities in power structures.
- **Elevate informal settlement upgrading as a means of achieving international development and transformation.** Overseas development assistance has grown over decades, with focuses on such areas as health, education, economic growth, and climate change mitigation and adaptation. Governments must evaluate their lack of prioritization and investment in solutions for people in informal settlements, including through housing.
- **Prioritize knowledge and data by, about and for informal settlement communities in a way that connects data to decision-making.** Major gaps in data on housing — and its larger impacts — threaten to compromise the development of informed policy commitments and decision-making processes. At the same time, grassroots groups of informal settlement residents and their support networks have been collecting data and generating knowledge, demonstrating the importance that knowledge plays in bringing about housing improvements in these settlements.

Not responding to the housing needs and aspirations of those living in informal settlements is a political choice. But so is listening to voices that give us more than 1 billion reasons to take the actions listed here. As this report reveals, **ensuring residents of informal settlements have access to adequate housing isn't just the right thing to do — it's the smart thing to do.**