

**Institutional Framework to Safeguard the Interests
of Middle-Income People in a Neoliberal Real Estate
Market in Dhaka**

Ph.D. THESIS

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CERTIFICATE

I hereby certify that the work reported here was carried out by Fawzia Farzana under my guidance and supervision. It is further certified that the work presented here is original and suitable for submission as a Ph.D. Thesis.

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ABSTRACT

Neoliberalism was introduced in the 1970s in search of the remedies to the global economic crisis resulted from the failures of Keynesian welfare states in United States and England. Neoliberalism recommended economic deregulation through withdrawal of the states' control from all sectors of production and encouraged private sector to lead the economic development. Social welfares were abolished with the beliefs that private market will serve the needs of the citizens if perform efficiently. The states' roles were redefined as the facilitators of the markets. The neoliberal development approach transformed housing from a social good into a commodity good which is provided by the private market based on demand but not the need. The intensive review of literatures on the relations between neoliberalism and housing in neoliberal cities worldwide has revealed that the neoliberal policies have made housing, which is now provided by the market, unaffordable for the majority of citizens.

Neoliberalism was introduced in Bangladesh in the early 1980s through Structural Adjustment Programs (SAPs). The review of Dhaka housing scenario revealed that house rent and price of Dhaka is unaffordable for majority of city dwellers. In this context the study targeted at analyzing the contributions of neoliberal policies to the housing affordability crisis of Dhaka with special attention to MIH. The study is exploratory in nature and involves qualitative methods of data collection and analysis.

Garments industry is one of the most significant outcome of neoliberalism in Bangladesh which flourished only in Dhaka. Privatization is another neoliberal strategy which also contributed to make Dhaka the mega city by mushroom growth of

private clinics, hospitals and universities. All the neoliberal economic development efforts were Dhaka focused and made Dhaka the destination of migrants from all over the country. The soaring population created huge demand or need for housing. In the supply side, due to the neoliberal strategies, like withdrawal of investment ceiling and trade liberalization, real estate developers emerged in the market since the mid-1980s. However, the supply never matched with the ever increasing need for housing in Dhaka. Though the state adopted the neoliberal market enabling housing policy, could not facilitate the formal market to expand the supply for MIHs. The review of literatures on neoliberal impacts on housing provisions across the world have been identified that the homeownership focused housing strategies (ABW) of neoliberalism have encouraged both house price and rent appreciation, and state and market led gentrifications in neoliberal cities have caused sharp increase in property prices which ultimately have caused housing affordability crisis. The affordability crisis is most acute in cities of developing countries. Based on these findings the case of Dhaka was investigated and similar outcomes of neoliberalism have been identified.

Examining the constraints that hinder the provision of MIH, the research also has identified a conducive institutional framework by redefining the state's role in enabling the market. Good governance in Public Private Partnership to initiate a holistic approach for the provision of affordable housing for MIHs has been recommended based on the thematic analysis of the transcripts generated from in-depth interviews with the housing experts, developers and the professionals of the public agencies involved in the provision and regulation of housing in Dhaka.

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LIST OF ACRONYMS AND ABBREVIATIONS

ABD	: Accumulation By Dispossession
ABW	: Asset Based Welfare
ACC	: Anti Corruption Commission (DUDOK)
ADB	: Asian Development Bank
BBS	: Bangladesh Bureau of Statistics
BDT	: Bangladesh Taka
BHBFC	: Bangladesh House Building Corporation
BIDS	: Bangladesh Institute for Development Studies
BIGD	: BRAC Institute of Governance and Development
BIP	: Bangladesh Institute of Planners
BRP	: Bhashantek Rehabilitation Project
C&B	: Construction and Building
CAB	: Consumers Association of Bangladesh
CBD	: Central Business District
CS	: Cadastral Survey
CUS	: Centre for Urban Studies
DCS	: Deputy Commissioner Settlement
DIT	: Dhaka Improvement Trust
DMAIUDP	: Dhaka Metropolitan Area Integrated Urban Development Project
DMDP	: Dhaka Metropolitan Development Plan
DMR	: Dhaka Metropolitan Region
DNCC	: Dhaka North City Corporation
DOHS	: Defence Officer Housing Society
DSCC	: Dhaka South City Corporation
FDI	: Foreign Direct Investment
FFYP	: First Five Year Plan
FFYP	: Fourth Five Year Plan
FFYP	: Fifth Five Year Plan
GATT	: The General Agreement on Tariffs and Trade
GDP	: Gross Domestic Production
GFC	: Global Financial Crises
GND	: Ganesh Nagar D
HBFC	: House Building Finance Corporation
HBRI	: Housing and Building Research Institute
HIHs	: High Income Households
HSD	: Housing and Settlement Directorate
IAB	: Institute of Architects Bangladesh
IAD	: Institutional Analysis and Development
IEB	: Institute of Engineers Bangladesh
IMF	: International Monetary Fund
MDGs	: Millennium Development Goals
MFA	: Multi-Fibre Arrangement
MIG	: Middle Income Group
MIG	: Middle Income Group

MIH	: Middle Income Housing
MIHs	: Middle Income Households
NFIs	: Nonbanking Financial Institutions
NGO	: Non-Government Organization
NHA	: National Housing Authority
NRB	: National Revenue Board
PIR	: Price to Income Ratio
Pph	: population per hectare
PPP	: Public Private Partnership
PPRC	: Power and Participation Research Centre
PRSP	: Poverty Reduction Strategy Paper
PWD	: Public Works Department
RAJUK	: RAJdhani Unnayan Kartripakkha (Capital Development Authority)
REHAB	: Real Estate and Housing Association of Bangladesh
RMG	: Ready Made Garment
RS	: Revisional Survey
SAPs	: Structural Adjustment Programs
SDGs	: Sustainable Development Goals
SFYP	: Second Five Year Plan
SFYP	: Sixth Five Year Plan
SFYP	: Seventh Five Year Plan
TFYP	: Third Five Year Plan
WTO	: World Trade Organization

Chapter 1
INTRODUCTION

1.1 Background

In Bangladesh, market-based approach was introduced in the early 1980s through Structural Adjustment Programs (SAPs) of International Monetary Fund as the loan conditionality for the Extended Fund Facilities. The adjustment programs included privatization of state owned enterprises and economic deregulations to encourage private sector or market led economic development. Since then the market-based approach has been advocated by external donors and multinational agencies to liberate the country's market for national and international private investors. All these economic reforms were done with the argument that state had failed to promote economic growth and provide services (Quadir, 2000). Bangladesh followed the global trend of neoliberalism in housing sector too by withdrawing the Stat's role of direct provision of housing since the 1980s and later by adopting market enabling policies since the 1990s.

The influence of the multilateral agencies to promote market enabling approaches was reflected in the formulation of separate policy guidelines for public and private sectors for the provision of housing in the fourth (1990-1995) and fifth (1997-2002) Five Year Plans (FYPs). Moreover, the first ever National Housing Policy was formulated in 1993 which incorporated all the market enabling guidelines recommended by the World Bank. Both the FYPs and the National Housing Policy defined the public sector agencies' role as the facilitator of the market by providing land and infrastructure for residential development. The state should allocate land at suitable locations where

private developers can develop and can provide housing for middle and high income households. (Rahman, 2012).

Due to the absence of public housing and formal housing market, the housing in Dhaka is mostly provided by individuals who construct houses in incremental fashion. Along with this individual construction of houses, around 42 private corporate developers emerged in the market by the late 1980s, whereas before independence (1971), there were only one housing and land developer in Dhaka's housing market, and due to some investment restrictions, no other developer emerged until strategies for privatization were adopted in 1980s.

The state's intention to promote market enabling strategies for housing is well reflected in the institutional transformation, since 1990. Institutional transformation, to efficiently coordinate the housing provision subsystems, was recommended by fourth (1990-1995) and fifth (1997-2002) Five Year Plans and national housing policy. According to the suggestions made in those policy documents, in the year 2000, Housing and Settlement Directorate (HSD) and Deputy Commissioner Settlement (DCS) were merged to form National Housing Authority (NHA). The objective of NHA was to function as a coordinating authority to implement national housing policy and to initiate holistic approach to housing provision rather than the piecemeal efforts. Another institutional transformation to accommodate market enabling strategies of neoliberalism was the formation of an umbrella organization of private developers named 'Real Estate and Housing Association of Bangladesh' (REHAB) in 1991. By that time the number of private developers had been increased due to liberalization of industrial, import and tariff policies as the outcome of SAPs (Khan, 2002). The prime objective of REHAB was to protect the interest of real estate sector including the

developers and the buyers (Rahman, 2012). These kinds of organizational changes were advocated by World Bank's sector-wide 'market enabling approach' which highlighted the development of institutional framework to managing housing sector adopting market-based strategies (World Bank, 1993).

At present, more than 1500 companies are active in the real estate sector, and in the last four decades, private developers have provided around 100,000 units of apartments. In GDP the production of real estate is counted within real estate, renting and business service sector which has increased every year during the last decade. However still the contribution of private sector developers to the housing stock of Dhaka is meager which is only 4.6% of total stock (Azad, 2011). Low prominence of their supply is also reflected by the slow expansion of this sector comparing the overall GDP growth. The contribution of this sector to GDP shows a downward trend (REHAB, 2012). Such slow expansion of the market reveals that the market still is a high-income housing market and are not serving the middle-income households (Farzana, 2009).

1.2 Statement of the Problem

The focus of this research is the housing provision for the middle income households (MIHs) in the capital Dhaka. Bangladesh is experiencing a steady economic growth with an ever expanding service sector. It is on the way to accomplish the Vision 2041 set by the Perspective Plan (2021-2041) which seeks to reach Upper Middle Income status by 2031 and High Income status by 2041. In the line of such economic goal, the middle class, which were about 20% of total population in the year 2015, is expanding too due to human capital accumulation and property price appreciation. According to a recent study by Bangladesh Institute of Development Studies, by the year 2025, the

middle class will comprise 25% of total population (BIDS, 2015). The income of this middle class ranges from \$2 to \$3 per day per person. However, according to the same study, the average income of people living in the capital Dhaka is 45 percent higher than that of people living in other municipalities (BIDS, 2015). Dhaka, being the capital of a developing country, has become an urban giant with around 20 million population and around 4.2% annual growth rate (UN World Population Prospects 2019). A study by PPRC revealed that around 60% of this huge population of Dhaka is widely varying middle class whose monthly household income ranges from BDT 10,000 to BDT 100,000 (Rahman, 2016).

Housing scenario in Dhaka varies widely among high, middle, and low-income groups and between areas. The gap is obvious between luxurious high income apartments and poorly constructed temporary housing (Jhupri) with extremely small floor space, and in between them, middle income housing comprises widely varying quality of housing dominated by rental accommodations in congested conditions. Households from all socio-economic classes in Dhaka face housing problems of one type or another. The low-income families are in need of low cost houses and the middle income families are searching for decent but affordable housing and are complaining that the cost of a decent house is beyond their means (Rahman 2001). Need for housing in Dhaka metropolitan area is extremely high. At least 100,000 housing units are required every year only to accommodate the households that added to the existing population each year by in migration and natural growth (Seraj and Alam, 2009). However, in the backdrop of such huge housing need the pace of supply is very slow due to the super expensive and restricted housing land provision in Dhaka (Farzana, 2009).

Gan and Hill (2009) have classified the housing affordability as purchase affordability,

repayment affordability and income affordability. On the basis of literatures, the paper argues that the income affordability, which is the ratio of price and income, is one of the widely used and useful measures. Here, by using the income affordability measure, an approximate idea about the housing affordability of the MIHs has been tried to be revealed. To calculate the income affordability of MIHs, the average income of upper-middle income households is considered which is claimed to be roughly BDT 800,000 per year (Rahman, 2016). In the current property market, price of a 1200 sqft apartment in a middle income area would be BDT 7,500,000 (REHAB, 2012). Therefore, the Price to Income Ratio (PIR) of upper-middle class in the current market is around 9.4 which would be considered as “severely unaffordable” (Suhaida et al., 2011).

As per the neoliberal housing policy prescriptions made by the World Bank, housing for all income groups should be provided by the market and public institutions should act as the enablers of the market. Over the last three decades, the real estate industry was supposed to enter into a matured level with large scale operations. However, the market is still providing housing only for the upper segment of the population. The dominated price range of the apartments provided by the developers only matches the affordability of high income households (REHAB, 2012). After three decades of operation, the price and characteristics of housing provided by the housing market of Dhaka indicates that the market is not working to serve the housing interests of MIHs. When the housing supply of a housing market does not match the affordability of the majority of the households (MIHs which comprise 60% of total population), it is obvious that the housing market of Dhaka is not perfect, and the state must have roles to play in this regard, to enable the market to serve the housing interests of the majority of citizens.

1.3 A Brief Description of the Study Area

Dhaka, the capital of Bangladesh, has been selected as the study area for this research. The study examines the impact of neoliberalism on housing provision. Being the capital, Dhaka is the most influenced city by neoliberal policy adoption in Bangladesh and its uninterrupted high rate of urbanization and population growth has made the housing provision critical over time. Dhaka Metropolitan Development Plan (DMDP) Area for which Structure Plan 2016-2035 has been prepared to guide the expansion of the capital city, under the jurisdiction of RAJUK, has been considered as the current extent of the study area.

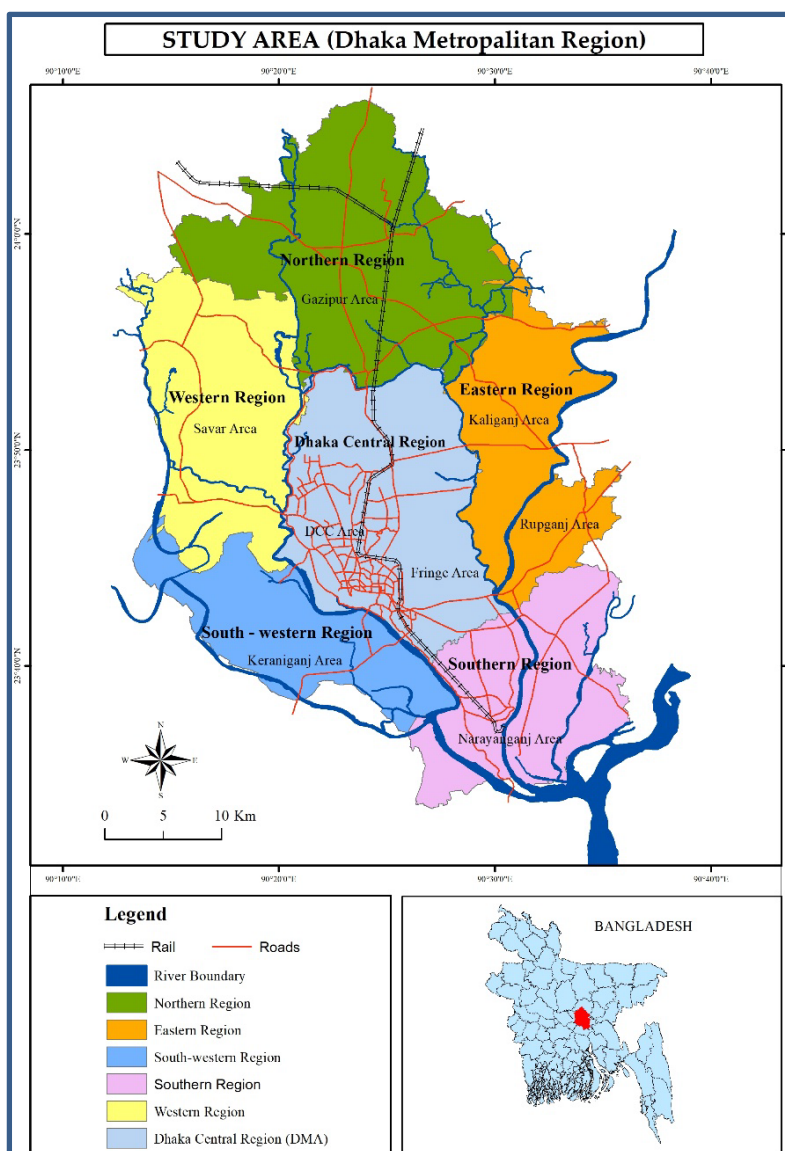


Figure 1.1: Map of the Study Area (Dhaka Metropolitan Development Plan Area)

Source: RAJUK, (2015), Dhaka Structure Plan 2016-20135.

The current housing scenario and way forwards to safeguard the housing interests of MIHs in a neoliberal housing market have been discussed in this research considering the boundary of DMDP area shown in the Figure 1.1. The current area and population of DMDP area is 1598 sq km and about 20 million respectively (Dhaka Structure Plan, 2016-35). The current strategic plans for the city is targeted at ensuring well-connected development of regional centers and settlements in peripheral regions to release the pressure currently experienced by the central region of Dhaka (Figure 1.1).

Dhaka started its journey as a small settlement with an area of not more than 1 sq.km. before 17th century (pre-Mughal period) and has turned into a mega city today. During

Mughal period Dhaka experienced uninterrupted expansion as the provincial capital till 1717 when it grew to 12.93 sq.km. and had around a million inhabitants (Islam, 2012). Dhaka's declined growth rate during the British

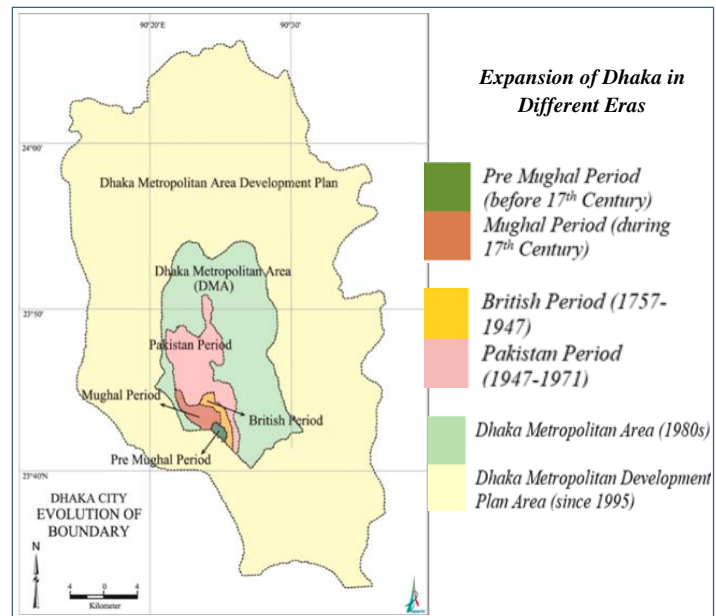


Figure 1.2: The historical, administrative and Planning Boundaries of Dhaka;
Source: Islam, 2012.

period got momentum again after 1947 as the provincial capital of East Pakistan. The population of Dhaka increased to around 1.4 million from only 0.35 million during 1950 to 1970 (Ahmed et al, 2014). After the liberation of Bangladesh in 1971, Dhaka as the capital of the country became a city of around 6.6 million people within only two decades and, in 1995, Dhaka Metropolitan Development Plan (1995-2015) was prepared for an area of 1528 sq.km. (extended to 1598 sqkm in DMDP 2016-2035) to accommodate the growth of the mega city in next 20 years. The Figure 1.2 shows the

areal extent of Dhaka at different time periods. The most prominent change in areal extent of Dhaka is marked in the 1980s when the neoliberal paradigm shift occurred in Bangladesh.

1.4 Aim and Objectives of the Study

Whilst there have been many studies on the relations between neoliberalism and housing provision in global cities, most of them highlighted the housing crisis of the poor after the dismantling of welfare states (Kadi and Ronald, 2014; Sandhu and Korzeniewski, 2004; Clark, et al., 2018; Dorling, 2014). As mentioned before, the Middle Income Households (MIHs), especially in the neoliberal cities of developing countries, also faces affordability crisis due to pervasive commodification of housing which are less focused in the literatures. So the research will use the analytical framework developed from intensive literature review to explore the impact of neoliberal reforms on housing provision in the capital Dhaka with special attention to explore the suitability of housing provided by the neoliberal market for the MIHs. In this context **the specific aim** of the research has been given as follows:

- The aim of the research is to examine the impact of neoliberalism on housing provision in the capital city, Dhaka by analyzing the housing condition, policies and institutions with reference to global theories, policies and practices, and to look for the remedies for issues in the provision of MIH by exploring the expected role of the state.

Considering the aim, this research reviews the current global literatures on the relations between neoliberalism and housing provision. As historical politico economic courses and existing socio cultural practices can potentially influence how neoliberalism is adopted or pursued, literatures have been reviews with reference to

the Western countries, developmental states and developing countries to understand varying outcomes of neoliberalism. Based on the conceptual framework developed from literatures, the research has identified four objectives. The theoretical and empirical analyses of this research have been guided by these objectives.

The specific objectives are given below:

1. To explore the impact of neoliberalism on the housing provision in Dhaka with reference to an international perspective of neoliberal housing provision.
2. To explore and explain the housing institutions exist in Dhaka through the lens of neoliberalism.
3. To analyze the housing market in order to identify the constraints where interventions by the state are required to make market efficient.
4. To identify the required institutional framework for the provision of affordable housing for MIHs adopting 'market enabling approach'.

The objectives set for the research have been fulfilled by answering some predetermined questions which are associated with theoretical and analytical framework of the research. The main focuses of the research are the neoliberal transformation of housing provision in global context; the impact of neoliberal development approach on housing provision of Bangladesh; barriers that constrain the provision of MIH through neoliberal real estate market in Dhaka, and the institutional framework that can safeguard the housing interests of MIHs in Dhaka. Considering the focuses and the objectives the research has tried to answer the following questions:

1. What are the outcomes of neoliberal policy adaptation in context of housing provision in Dhaka?
2. How the institutional framework for housing in Dhaka has been changed over time specially during the shift to neoliberal paradigm?

3. What are the constraints present in the market specifically caused by the state's intervention or nonintervention that are responsible for the lack of affordable housing for MIHs?
4. Why and how the institutional framework for housing provision in Dhaka need to be modified to safeguard the housing interests of MIHs?

1.5 The Contexts of Justification of the Research

MIHs in Dhaka are facing multifaceted housing problems. They neither can accommodate themselves in low cost housing options like slums and squatter settlements nor find the housing options provided by formal market as it does not suit their affordability. They always struggle searching for a decent accommodation with their limited affordability and renting a flat in middle income areas which seems the only option left for them (Jahan and Kalam, 2012). However, the option is getting harder day by day with ever increasing house rent. A survey, conducted by the Consumers Association of Bangladesh (CAB) in 2007, revealed that the house rent in Dhaka had increased by 250 percent in last 17 years since 1990 despite the presence of the Premises Rent Control Act 1991.

Currently, it seems that housing is a low priority issue in national planning in Bangladesh. With the rapid urbanization in Bangladesh, especially in Dhaka, housing problem appears to be a major concern for all. There is hardly any comprehensive study about the middle income housing situation in Dhaka with reference to institutional transformation and policy issues in context of neoliberal politico-economic transition since the liberation of the country. Thus this research is a major input for further research on middle income housing and it will contribute in the strategy formulation for holistic housing approach for the provision of middle income housing. This research is unique due to the attempt at analyzing the context of

neoliberal economic reforms and its impact on housing in Bangladesh with reference to different global theories and practices. The major challenge faced for conducting this research is the dearth of researches in this context. Thus, it was tried to relate the policy agenda in context of housing in Dhaka by analyzing a large amount of grey materials and the scenario of Dhaka was analyzed against the backdrop of international policy paradigms. Thus the major contribution of this research would be to fill up the gap which was caused by lack of organized research material and lack of theorization of the relations between neoliberalism and housing in Bangladesh context. In addition, this research has explored the barriers in the neoliberal housing market that constrain the supply of affordable housing. The recommendations, for a holistic approach for the provision MIH, made in the research, based on the thematic analysis of the interviews of housing experts and developers, would help to achieve the goals of neoliberal housing policy adopted in Bangladesh that emphasize market enabling approach for ensuring housing for all.

1.5 Structure of the Thesis

The structure of this research reflects in the sequence of objectives as shown in Table 1.1. Chapter One sets out the context of the research and introduced its main aim and objectives. Table 1.1 provides the aim, objectives, methods and chapter organization of the research/thesis.

Chapter Two provides the description of the current scenario of housing in Dhaka, housing affordability situation in Dhaka and available housing finances and their affordability issues have been described subsequently in this chapter. The understanding of the housing scenario of Dhaka will help identify the challenges in housing market in Dhaka and to analyze the relation of neoliberalism and these challenges in respect of Dhaka.

Chapter Three explains the relations between neoliberal policies and housing provision that have been observed worldwide since 1980s. The impact of neoliberalism varies according to the prevailing socioeconomic status and political environment of the concerned nations. To organize the discussion the nations have been categorized as western developed countries where neoliberalism was innovated and nourished to be applied across the world as the remedy of economic crisis resulted by Keynesian welfare economic policies; the developmental states with statism where the state plays a regulatory and entrepreneurship roles in economic development; and the developing nations where neoliberalism was imposed by international organizations like World Bank, IMF, WTO as loan conditions.

Table 1.1: Objective wise structure of the research

Aim of the Research	Objectives	Methods	Chapters
The aim of the research is to examine the impact of neoliberalism on housing provision in the capital city, Dhaka by analyzing the housing condition, policies and institutions with reference to international theories, policies and practices and by exploring the expected role of the state for the remedy of housing crisis.	To explore the impact of neoliberalism on the housing provision in Dhaka with reference to an international perspective of neoliberal housing provision.	Literature Review Pattern Matching	Chapter 3 and 5
	To explore and explain the housing institutions exist in Dhaka through the lens of neoliberalism.	Literature Review Grey Materials Analysis Thematic Analysis	Chapter 6
	To analyze the housing market in order to identify the constraints where interventions by the state are required to make market efficient.	Thematic Analysis On the basis of secondary and primary data and analyzed through NVivo	Chapter 7
	To identify the required institutional framework for the provision of affordable housing for MIHs adopting 'market enabling approach'.	Thematic Analysis Used mainly primary data and analyzed through NVivo	Chapter 8

*In addition to these chapters, there is an Introduction (Chapter 1), Housing Scenario in Metropolitan Dhaka (Chapter 2), Research Strategy (Chapter 4), and Conclusion (Chapter 9).

Chapter Four begins with the analytical framework to analyze neoliberal impacts on the housing provision and housing institutions of Dhaka which has been developed based on the previous two (2 and 3) theoretical chapters of this dissertation. Then the chapter outlines the methodology that has been adopted for this study. A detailed discussion of methods such as why and how in depth interviews were carried out and

analyzed through thematic analysis, intensive realist literatures evaluation, and surveys used in the research is presented in the chapter. Further, the chapter explains the data collection and analysis processes in the qualitative data analysis application NVivo 12 and also explores the limitations of the research methodology.

In the light of the findings from the literatures described in chapter three, **Chapter Five** has explained the political economy of public policies in general and in specific to housing provision in Dhaka in different political paradigms since the liberation of the country in 1971. The effects of neoliberalism on housing provision of Dhaka have been discussed under three broad aspects derived from the literatures. The aspects are: Homeownership based approach; unlocking land values and new geographies of the city (gentrification); and housing affordability crisis. In this chapter, adaptation of neoliberal political economic policies in Bangladesh and the impact of such policies on the capital, Dhaka in general and specific to housing provision have been extracted from secondary and grey materials, which have been analyzed and validated by key personnel interviews.

Chapter Six will analyze the institutional arrangement for housing provision in Dhaka through the lens of neoliberalism. Relevant literatures, grey materials are the source of information to understand the institutional arrangements and also institutional changes resulted by neoliberal reforms. Views of Key personnel from public institutes and real estate companies as well as of housing experts retrieved from interviews have also been used to validate the information and to acquire thorough understanding of the changes in institutional arrangements for housing provision in Dhaka with politico-economic paradigm shifts since the liberation.

Chapter Seven will find out and discuss the barriers that constrain the affordable housing provision through market from the perspectives of both housing experts and

corporate developers who have been interviewed by the author. The constraints in respect of public institutions will be cross checked through the opinions made by the officials at the decision making level of public sector housing provider as well as regulator institutions.

Chapter Eight will suggest an integrated housing approach based on the way forwards suggested by the respondents which mostly encapsulate the required market enabling and regulating roles of the state agencies. Based on the recommended state interventions by both housing experts and developers and the insights of the author developed from the interviews and literature review an institutional framework has been depicted in this chapter which might uphold the housing interests of MIHs.

Chapter Nine draws conclusion by summarizing the findings of previous chapters according to research questions set at the beginning of the research as well as by providing the direction for farther research at the end.

Chapter 2

HOUSING SCENARIO IN DHAKA

2.1 Introduction

Urban housing of Bangladesh is characterized by huge backlog and quality issues. Types of houses that comprise the urban housing vary from shanties on footpath to skyscrapers. In the middle of these, there are a variety of housing options based on the structures, available services, ownership, provision mechanism, and so on. The housing situation in Dhaka is much more critical comparing the general urban housing scenario due to extreme population pressure resulted from huge in-migration and absence of appropriate policy initiatives. This chapter describes the urban housing scenario of Dhaka. It first provides the description of housing supply sub-systems in Dhaka and their contribution to the housing stock, and then the current scenario of housing in Dhaka, housing affordability situation in Dhaka and available housing finances and their affordability issues have been described subsequently. The understanding of the housing scenario of Dhaka will help identify the challenges in housing market in Dhaka and analyze the relation of neoliberalism and these challenges in respect of Dhaka.

2.2 The Current Housing Situation in Dhaka

This section has described the current housing situation of Dhaka comparing to other urban areas of Bangladesh. The population of Dhaka metropolitan area is projected to be around 26 million by the year 2035 (UN World Population Prospects 2019). The core area of the city is already overcrowded with an average population density of more than 47668 per sq km in Dhaka North City Corporation area and 50862 per sq km in Dhaka South City Corporation area (Swapan, et. al., 2017). The supply of

housing has never been able to be in line with the need for housing units to accommodate ever increasing population. Hence the housing of Dhaka is characterized by significant level of housing backlog and quality issues.

2.2.1 Housing Backlog in Dhaka

Analysis of the magnitude of demand for housing in the metropolitan Dhaka demonstrates the severe mismatch between demand and supply. In Dhaka, the number of housing units added per year is far less than the requirements. In 2015, the backlog of dwelling units in Dhaka was 0.76 million (RAJUK, 2016). The housing need assessment process consists of three main components. These are growth of new households, shortage of existing dwelling units and replacement of old and dilapidated dwelling units. The structure plan of Dhaka has estimated the housing backlog for the plan period till 2035 considering these components. Here the base year (2015) shortage of dwelling units is considered as 0.76 million, replacement need is considered as 20% and household number has been forecasted using the simplest and widely used Aggregated Household Method. Based on the estimation, the housing need is expected to be around 1.26 million by the end of the plan period (Figure 2.1). In the year 2015, 25,000 formal housing units were built in Dhaka which is merely a fraction of that 0.76 million backlogs in 2015. Hence it can be said that the supply of housing meets less than 5 percent of the demand or need, which indicates a substantial shortage of housing in Dhaka (BIGD, 2017). To accelerate the supply, both public and private sectors interventions are required which can ensure adequate housing stock at affordable price for all income groups of the projected population.

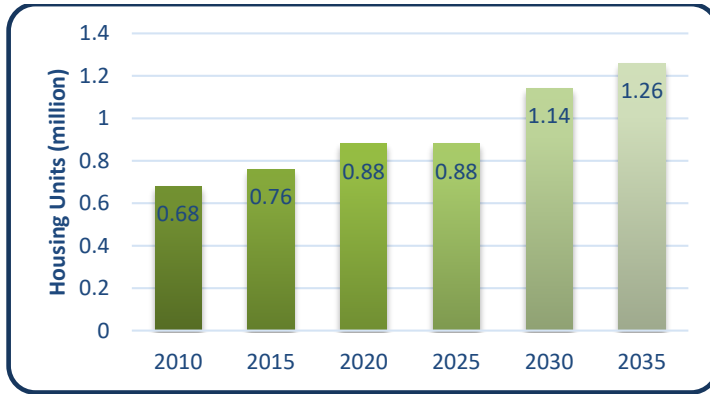


Figure 2.1: Housing Backlog (in million) in Dhaka since 2010 to 2035

Source: RAJUK, 2015

2.2.2 Tenure Types of Existing Housing Stock

The distributions of urban population in the year of 2011 by tenure types in Bangladesh in owner, renter and rent free are 51.7, 39.9 and 3.2 percent respectively and the same statistics for city corporations excluding Dhaka are 33.4, 59 and 2.7 whereas the distributions in Dhaka City Corporation area are 18.5, 68.4 and 3.0 respectively (Table 2.1). The occupancy status of Dhaka city is quite different than the average occupancy status of urban Bangladesh. Urban Bangladesh includes different categories of urban areas where occupancy status is likely to vary from a metropolitan city. However, the rather different scenario of Dhaka from the average occupancy status of other city corporations indicates the particularity of the capital that need special attention. The housing stock of Dhaka is dominated by rental housing. The percentage of floating population is also the highest in Dhaka. A significant change has been observed over time in the occupancy pattern of housing in Dhaka. The owner occupied houses was 31.9 percent of total housing stock in mid-1990s (ADB, 2001) whereas within nearly two decades it has reduced to 18.5 percent in the year 2011. This research has tried to examine the reasons behind the changed and unique housing tenure patterns of the capital from politico-economic perspective (Chapter 5).

Table 2.1: Housing tenure types in Dhaka and urban Bangladesh.

Area	Owned		Rented		Rent-free		Institutional		Floating		Others	
	No	%	No	%	No	%	No	%	No	%	No	%
Dhaka City Corporation	1292551	18.5	4770128	68.4	207979	3.0	165198	2.4	41165	0.6	493084	7.1
Other City corporations	1503604	33.4	2657627	59.0	121331	2.7	86459	1.9	6731	0.2	125435	2.8
Urban Bangladesh	17362233	51.7	13394526	39.9	1058818	3.2	607653	1.8	100472	0.3	1039481	3.1

Source: BBS, 2011

2.2.3 Quality of Existing Housing Stock

Housing quality encompasses numerous indicators like way of construction, building materials, crowding, number of bed rooms, accessibility, access to service facilities, light and air circulation, and so on. Due to unavailability of information, the quality of housing stock of Dhaka has been described here depending on the structure types, access to utility services and level of crowding. All the dimensions of housing quality of Dhaka have been compared with those of city corporations and urban Bangladesh averages.

2.2.3.1 Housing Stock According to Types of Structure

According to housing structures four types of urban housing comprise the housing stock of urban Bangladesh as well as of Dhaka. Those are permanent structure constructed with bricks and concretes and occupied by high and middle income households, semi-permanent with permanent floors and walls but CI sheet or thatched roofs, non-permanent constructed with CI sheet, wood, mud and leaves or straws and the physical condition of most of which may be described as moderate to poor, and the last one is shanty (Jhupri) which is of very temporary nature and usually located on footpath or public spaces and mostly occupied by very poor migrants and street beggars. Physical condition and living environment of this type of housing vary widely from individual houses with sufficient spaces and services to houses within congested slums and squatters without proper services and living environment. Table 2.2 gives a comparative picture of housing quality among the capital Dhaka, other city

corporations and urban Bangladesh where many areas with rural characteristics are also included. The share of permanent structure rises with the level of urbanization. Since Dhaka is the most urbanized in character, the share of permanent structures is also highest here (48.2%). Around 61% of households live in permanent structures in Dhaka. However, there are many permanent nature structures which need immediate replacement due to aging and lack of proper repair and maintenance.

The share of non-permanent structures in Dhaka is the lowest (10.42%) compared to the average figure of the city corporations and that of urban Bangladesh. However, the presence of shanties (Jhupri) is highest in Dhaka (4.1%) because of high rate of in-migration by the poor from disaster affected rural areas and due to the absence of job market in rural areas. Shanties are the only accommodation option for these poor migrants. Households-structure ratio is also high (4.9) in Dhaka due to vertical expansion of the city with high rise apartments.

Table 2.2: Households and housing stock according to type of structure

Area	Pucca (permanent)		Semi-pucca (semi-permanent)		Kutchha (non-permanent)		Jhupri (shanty)		Total		Household- structure Ratio	
	Households	No of Structure	Households	No of Structure	Households	No of Structure	Households	No of Structure	Households	Structure		
Dhaka city corporation	No	889743	145008	419035	112229	117296	31351	38045	12351	1464119	300939	4.9
	%	60.77	48.19	28.62	37.29	8.01	10.42	2.60	4.10	100	100	
City Corporations	No	1301187	330638	742398	327805	309030	172684	65229	26465	2417844	857592	2.8
	%	53.82	38.55	30.70	38.22	12.78	20.14	2.70	3.09	100	100	
Urban Bangladesh	No	2317460	1302148	2329003	2414541	2439676	3557428	188414	178880	7274553	7452997	0.98
	%	31.86	17.50	32.01	32.40	33.54	47.70	2.59	2.40	100	100	

Source: BBS, 2011

2.2.3.2 Access to Utility Services

Table 2.3 shows the percentage of urban households according to access to services though the quality of these services are not revealed here. Such as, almost 100% of households have access to drinking water either from tap or tube-well; to toilet facilities of any type and 86% of households (99% in case of Dhaka City Corporation) has got electricity connection. It sounds pretty good. But the real scenario is quite

unpleasing due to the quality of these services. Even having the accesses, most of the households suffer from the insufficiency of services like very high household-toilet or household-water outlet ratios, acute load shedding of electricity, and so on. Moreover, contamination of water and unhygienic condition of toilet facilities has made the situation worse.

Table 2.3: Urban households by access to service (%)

Area	Source of drinking water				Toilet facilities					Electricity connection
	Tap	Tube-well	Other	Total	Sanitary (with water seal)	Sanitary (without water seal)	Non-sanitary	None	Total	
Dhaka city corporation	85.4	12.8	1.8	100	59.1	35.6	5	0.3	100	98.61
City corporations	67.6	30.1	2.3	100	55.7	36.5	7.5	0.3	100	97.82
Urban Bangladesh	37.4	59.5	3.1	100	42	39.7	15.9	2.4	100	86.43

Source: BBS, 2011

In the context of both structure and access to services, the quality of urban housing stock does not meet urban housing standards. Highest number of slum dwellers in the South Asian region, which is 60% of the urban population, has contributed to such daunting scenario of urban housing stock of Bangladesh (Ahmed, 2016).

As mentioned before housing is not merely a housing unit with utilities; rather it encompasses other quality of life like adequate ventilation, availability of open spaces, community services and so on. Quality of a housing unit depends on the quality of the neighborhood where it belongs to. In that sense quality of a housing unit even in a high income residential area in the capital Dhaka does not meet the threshold of quality living environment (Ivanauskaitė, 2015).

2.3 Contributions of the Suppliers to the Housing Stock

The existing housing stock of Dhaka is comprised of the contributions of both formal and informal actors. The formal sector includes the provisions which are abide by rules

and regulations. Public housing, cooperative housing, and private housing developed by both corporate developers and individuals, with appropriate development permissions and maintaining setback rules, are considered as formal housing (Ahmad 2016, Islam 2005). The informal sector housing, in contrast, includes the provision which are not abide by development regulations. Housing developed by small, private developers who operate illegally, without any approval from the Capital Development Authority or RAJdhani Unnoyon Kartripokkho (RAJUK), and by individuals who build properties through procurement of land and through extension are considered as informal housing. Slums and squatter settlements are the extreme form of informal housing where housing maintains no quality standards and lack legal land titles in case of squatters. Table 2.4 provides the shares of housing provided by different sub-systems, of both formal and informal sectors, according to different income groups.

Table 2.4: Estimates of existing housing stock in DMDP area by delivery sub-systems and by income group, 2007

Housing Delivery System		Housing Units by Income Groups						Total	
		HIG	%	MIG	%	LIG	%	Units	%
Formal System (40%)	(a) Public Sector Housing Sub-System	10,000	5	70,000	11.7	20,000	2.5	100,000	6.6
	(b) Cooperative Housing	-	-	5,000	0.8	1,600	0.2	6,600	< 1
	(c) Private Sector Housing Sub-System by corporate developers	60,000	32	10,000	1.67	-	-	70,000	4.6
	(d) Private Sector Housing Sub-System by Individual Households	120,000	63	313,400	52.37	30000	3.75	43,6400	28.8
Total stock supplied by formal system		190,000	100	398,400	66.58	51,500	6.43	613,000	40
Informal System (60%)	(e) Private Sector Housing Sub-System by Individual Households	-	-	200,000	33.42	150,000	18.73	300,000	20
	(f) Slum or Squatter Housing Sub-System	-	-	-	-	600,000	74.91	600,000	40
Total stock supplied by informal system		-	-	200,000	33.42	750,000	93.63	900,000	60
Grand-Total		190,000	100	598,400	100	801,000	100	1513,000	100

Source: Azad, 2011 based on Islam, N and Shafi, S.A, (2008), A Proposal for a Housing Development Programme in Dhaka City, Centre for Urban Studies (CUS), Dhaka.

Informal housing delivery system which does not comply with legal mechanism and lacks land tenancy has made up the majority of Dhaka's housing stock. Formal

housing delivery system usually serve the high and middle income people while the only option left for low income group is to be accommodated in informal housing. Only 6.43% of low income housing units have been provided so far in Dhaka by the formal system (Table 3.2). The contribution of public sector and the corporate developers is very negligible for MIG; 11.7% by public sector and only 1.67% by residential real estate market of the city that comprises the corporate developers. Individual household sector subsystem has provided the majority of housing for MIG both in formal (52.37%) and informal (33.42) ways. Hence the contribution of real estate market to middle income housing can be considered as negligible.

2.3.1 Public Sector Providers of Housing

Previously public sector providers mostly were engaged in the provision of rental housing to accommodate the government employees and used to provide residential plots for general individuals where government employees got priority in allotment. But at present, public agencies, RAJUK and NHA, are providing apartments for private sector individuals too. Different government organizations and agencies also provide rental housing for their employees which are constructed by Public Works Department (PWD). With the permission of the Ministry of Defense, Defense Officer Housing Society (DOHS) has also built several housing estates throughout the city, including in Mirpur, Mohakhali, Banani and Baridhara, to provide residential plot for members of the Bangladesh Army, Bangladesh Navy and Bangladesh Air Force. Most of the plots in DOHS areas are then developed by corporate developers through joint ventures with the land owners.

RAJUK is the most prominent provider whose contribution is about 75 percent of the total public sector land and housing in Dhaka. On the one hand RAJUK is controlling the development through formulating physical plans and giving approval of the plans

for both buildings and housing estates, on the other hand it is providing residential plots and apartments for both government employees and general public. Such dual role of RAJUK is being criticized with the argument that the involvement of RAJUK in the direct provision of housing is undermining the accountability process as it is the only planning control authority of the city. Moreover, according to Haque and Akter (2016), Akter (2013), and Hossain (n.d.), the plots and apartments provided by RAJUK eventually ended up benefiting the upper middle- and high-income households only due to faulty allocation criteria and procedure of plots and flats.

2.3.2 Private Sector Providers of Housing

In private sector, there are two housing supply subsystems. Previously, the most prominent one was the provision by the individual households where land is acquired and developed as single or multiple unit buildings through individual initiatives. However, corporate housing developers started to emerge since the beginning of 1980s and at the end of that decade, there were more than 40 developers in the market. The structure plan for Dhaka (2015-2035) has revealed that currently the private sector provides nearly 93 percent of housing units in the city and significant share of this supply are the contribution of both large and small scale corporate developers. In 2015, private real estate developers provided 17,000 of the 25,000 housing units built in Dhaka during that year. The emergence and growth of real estate market in the provision of housing in Dhaka will be discussed again in chapter five with reference to neoliberal policy adaption in Bangladesh.

Figure 2.2 shows the changes of the contributions of the real estate market over the last 15 years. While the contributions increased slowly during early 21st century, a sharp rise has been observed since 2008 with an exception in 2013, when the supply declined to below 14,000 housing units. This sudden drop is best explained by the political unrest and turmoil that burdened the country at that time (REHAB 2012).

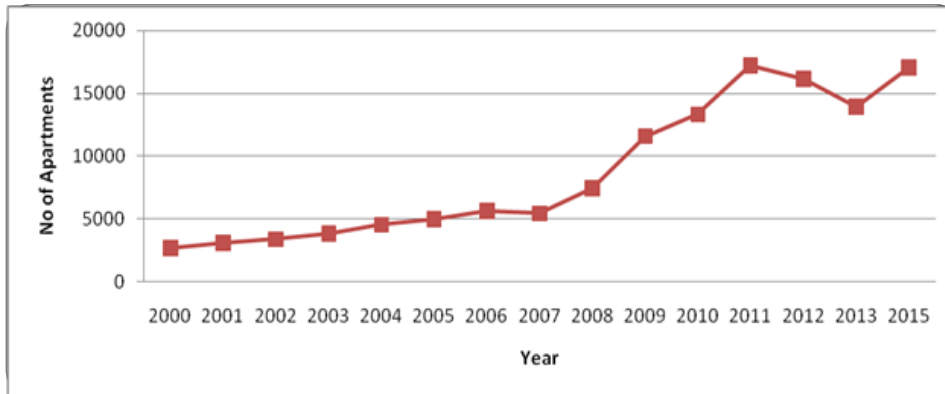


Figure 2.2 Trend in apartment supply by corporate developers

Source: REHAB, 2012; RAJUK, 2016

2.4 Housing Affordability in Dhaka

To ensure access to quality housing, there should be affordable housing provision for all income groups. A country's housing affordability standing depends on the status of national economy and the socioeconomic status of its citizens. High rate of urbanization due to both population growth and internal migration cause accelerated demands for urban housing in developing countries. House prices rise due to increased demand and make housing unaffordable for the majority of city's population. Low income people and the poor become bound to accommodate themselves in informal housing due to the lack of affordable formal housing (Shams et al. 2014). As for example, in Dhaka city there are 4,720 slums and squatter settlements which provide accommodations for around 3.4 million low-income and poor people (Koehlmoos et al. 2009; The Shamakal, 2015). Most of the researches on Dhaka focuses the informal housing and affordability issues of the poor whereas the affordability issues of the middle and lower-middle income people is less focused in the existing literatures.

2.4.1 Ever Increasing House Prices in Dhaka

House and land prices have increased rapidly in Dhaka. In Dhanmondi, one of the planned high income residential area in Dhaka, property prices have raised by 8-10 times in last nearly two decades. In 2003, the average per sqft apartment price was BDT 2000 (Farzana, 2004), while the current price is around BDT 16000 per sqft to

20000 per sqft (Bproperty.com,). The increased property prices in Dhanmondi can also be revealed by the information that the price of an apartment was BDT 32-38 million in 2014 while the same kind of apartment with similar size and quality used to be sold for only BDT 6.45 million in 2005 (*The Financial Times*, 2014). All the planned and unplanned residential areas in Dhaka city observed an exponential growth rate of house prices since 2005 which has been evident from the apartment price growth rate data presented in Figure 2.3.

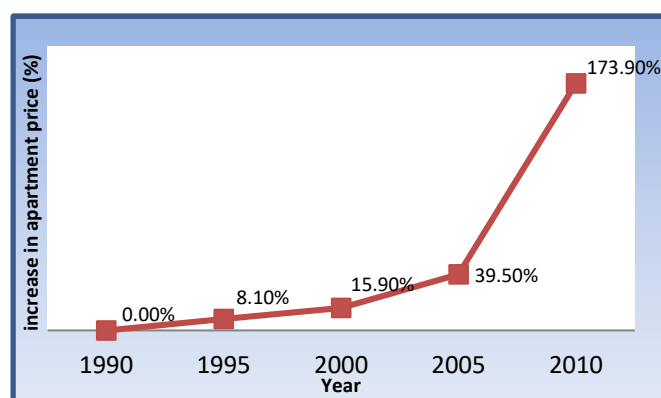


Figure 2.3: Apartment price growth rate (1990 to 2010) in the capital Dhaka

Source: REHAB, 2012

2.4.2 Rental Affordability

Around 82% of households in Dhaka live in both formal and informal rental houses and government quarters who cannot afford to own houses in Dhaka (BBS, 2011). However rental housing is getting more and more unaffordable with time due to the ever increasing inflation rate of housing rent in Dhaka. The Consumers Association of Bangladesh (CAB) has revealed that rental inflation rate is higher than overall living costs inflation by average 1.7 during the five years from 2012 to 2016 (Table 2.5).

Table 2.5: Comparison between rates of general inflation and housing rent inflation

Year	Inflation rate of rents (a)	General Inflation (b)	Different (a-b)
2012	9.73	6.42	3.31
2013	10.91	11	-0.09
2014	9.76	6.82	2.94
2015	6.33	6.38	0.05
2016	8.77	6.47	2.3
Average	9.1	7.4	1.7

Source: CAB

The monthly housing costs to incomes ratio are most commonly used to determine how affordable the housing are for the rental tenants (Kutty 2005; Whitehead 1991). According to BIDS (2015), around 82% of low and middle income tenants of metropolitan Dhaka spend more than 30% of their household incomes as housing expenditures that include cost of rent and utilities which could be considered as unaffordable according to Cohen, Wardrip and Williams (2010).

Due to the burden of housing rent, tenants might reduce other essential expenses like on food, on health or on children's education. Such expense adjustment strategies must affect balanced food intake, proper treatment and quality education at different extents. The low and middle income households' social life might be shrinking too due to lack of financial capacity for social recreation. On the contrary, when households cannot curtail the costs for basic consumptions and bear expenses for extended families, spend less on housing and bound to live in sub-standard housing. According to structure plan (2015-2035), the per capita housing space in Dhaka city is 12.5 sqm (RAJUK,2016) while in Delhi, Mumbai and Tokyo the per capita housing space is 87.4 sqm, 33.2 sqm and 230.2 sqm respectively. Such low per capita housing space indicates that the households are living in unsustainably tiny houses in Dhaka.

2.4.3 Homeownership Affordability

A recent study on formal housing dwellers of Dhaka city has identified only 32 percent of the respondents as homeowners. Inheritance is the way of owning a house for a large number of homeowners in Dhaka (38%). The study also found that only 11 percent of the homeowners utilized commercial bank loans to purchase or construct houses (BIGD, 2017). According to this report, nearly 67 percent of the homeowners who purchased home with mortgages, need to pay 20-30 percent of monthly income

as installments while 26 percent pay more than 30 percent of monthly income. So, if the utility and service charges were included the monthly repayment would be above repayment affordability benchmark for most of the homeowners in the city.

The barriers to homeownership have been identified by a recent study done by BRAC Institute of Governance and Development (BIGD). Figure 2.4 shows the percentage of respondents from middle income renters according to impediments to homeownership they have pointed out. All the impediments presented here directly or indirectly influence the affordability of potential buyers of apartments from MIHs in Dhaka. Most of the renters (82%) identified the 'lack of saving' as an impediment to homeownership. High land and apartment price were blamed as impediments similarly by the respondents (61% and 58% respectively). To overcome these barriers in existing savings and property price scenario affordable mortgages are essential to increase the affordability of these group. But the respondents have identified unaffordable and inaccessible mortgages as impediments too. Nevertheless, the percentages of the respondents blaming the issues related to mortgage are not very significant. Such lower significances might be due to the fact that the respondents who are not even in the planning stage to buy an apartment might not be aware about the rates and eligibility criteria of available mortgages. Moreover, in case of purchasing home with home loan require a down payment which is around 30 percent of total price. So if anyone has no scope for savings, it is nearly impossible to think about purchasing an apartment. For this reason, lack of savings has been identified as the most significant impediments to homeownership.

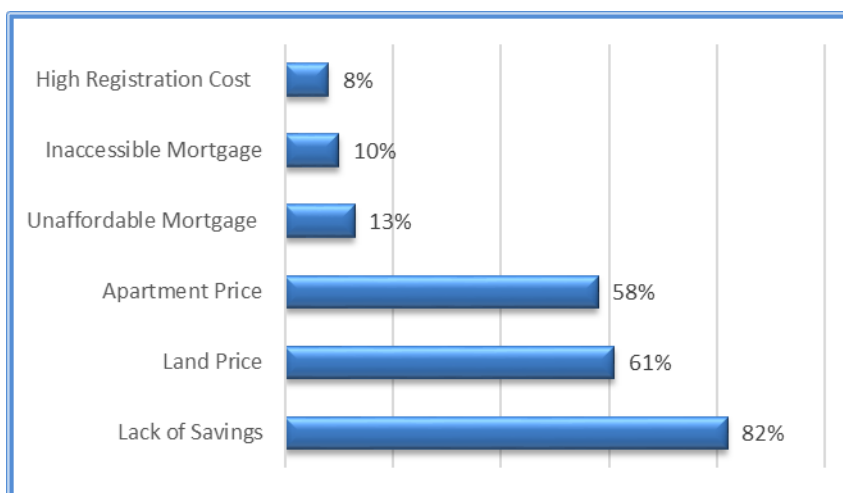


Figure 2.4: Impediments to homeownership from the perspective of middle income renters in Dhaka

Source: BIGD, 2017

Next section describes the available mortgage facilities in Dhaka and their role in increasing the affordability of potential home buyers in Dhaka. Other impediments will be discussed and analyzed in following chapters from politico-economic perspectives.

2.4.4 Mortgage Affordability

Affordable home loans can turn housing needs into effective demands. To increase the housing affordability of middle and low income households, availability of affordable housing loans is essential. Housing finance, which was previously dominated by House Building Finance Corporation the only public housing finance provider of Bangladesh, is currently includes private specialized financial institutes, private and state commercial banks, and specialized banks. Figure 2.5 shows that majority of current outstanding loans are provided by commercial banks.

The amount of outstanding housing loans provided by different specialized institutes and commercial banks is growing steadily except that of the foreign specialized banks. However, the growth of outstanding loan provided by private commercial banks outreached all other sources of housing finance (Figure 2.5). Instead of the impressive

growth rate, the available loans are still very insufficient comparing the ever increasing housing needs (Kamal and Ahmed, 2016).

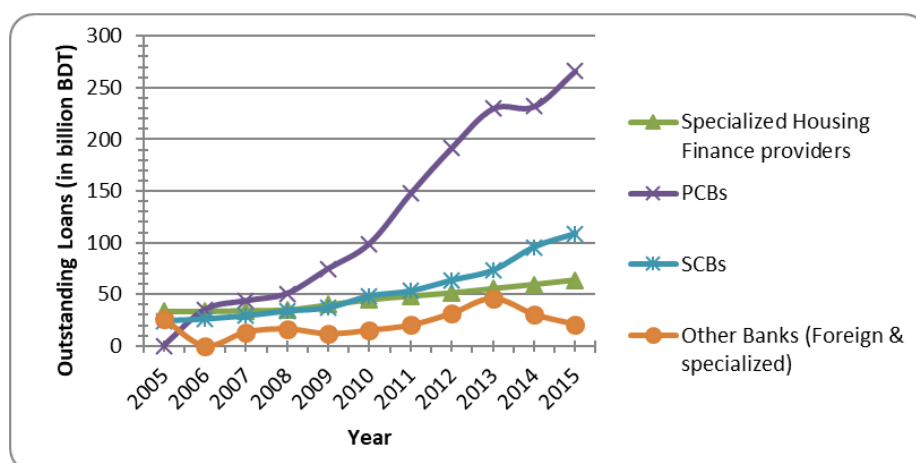


Fig 2.5: Growth in the amount of outstanding housing loans by different loan providers over the period of FY 2004-05 to FY 2014-15

Source: Scheduled Banks Statistics, Bangladesh Bank

Table 2.6: Rates of Mortgages provided by banks and financial institutions

Type of Financial Institutions	January 2017 (per annum)			January 2015 (per annum)			January 2013(per annum)		
	No of Banks	Lowest (%)	Highest (%)	No of Banks	Lowest (%)	Highest (%)	No of Banks	Lowest (%)	Highest (%)
State-owned Commercial Banks	6	10	14	6	15	16	6	14	17
Private Commercial Banks	39	8	17	38	10.5	19.5	22	11	18.5
Foreign Banks	5	8	17.75	7	9	18	6	11	18
Non-banking Financial Institutions	22	9	18	Data not available					

Source: Bangladesh Bank, 2013, 2015, 2017

The affordability of potential buyers depends on the rate of interest of available housing loans. According to BIGD (2017), only 11 percent of homeowners in Dhaka city used home loans from commercial banks and financial institutes to purchase houses. Mortgages are unaffordable for the majority of households due to high interest rates, short repayment periods and high eligibility criteria. Besides interest rates different types of fees are also required to get mortgage loans (BIGD, 2017).

In Dhaka mortgages are provided by both banks and Non-Banking Financial Institutions (NFIs). Banks include state-owned commercial banks (6), private

commercial banks (39), foreign banks (5), and there are 22 NFIs. The rates of mortgages provided by these banks and institutions ranges from 8 to 17.75 percent and the mortgages are repaid through Equated Monthly Installments (EMIs) over a period ranges from 15 to 20 years. A single mortgage covers 70 percent of the respective apartment's selling price. Though the Table 2.6 shows a decreasing trend in the rates for mortgages over the years, and the government has also promised a further reduction, they are still less affordable comparing those in other countries. In developed countries, the mortgage rates are between 3 and 4 percent and the banks provide up to 95 percent of the house prices. Even in India the rate is around 4 to 5 percent (*Kaler Kantho*, 2016). The mortgages in developed countries are affordable for longer loan terms too which is more than 30 years. Due to low interest rate and longer loan repayment periods, the EMIs are most of the time equivalent to rental values of similar houses. So, with such affordable mortgages, citizens of these countries can buy an apartment as soon as they can secure a job.

2.5 Conclusion

The urban housing of Bangladesh is characterized by inadequate housing stock which includes varying qualities of housing units from poor shanties to high quality apartments. The contribution of public sector to existing housing stock is very insignificant. The supply from the formal private housing developers is increasing over time however still the informal housing is the highest share of the housing stock of Dhaka. Informal rental housing is very common here and it is one of the most common options for accommodation left for the MIHs of Dhaka. Housing rent and price of Dhaka is unaffordable for majority of city dwellers. Skyscraping housing price and rent along with expensive housing loans are responsible for such unaffordable housing situation.

Chapter 3

NEOLIBERALISM AND HOUSING: THEORETICAL PERSPECTIVES

3.1 Introduction

This chapter aimed at explaining the relations between neoliberal policies and housing provision that have been observed worldwide since 1980s. The impact of neoliberalism varies according to the prevailing socioeconomic status and political environment of the concerned nations. To organize the discussion, the nations have been categorized as western developed countries where neoliberalism was innovated and nourished to be applied across the world as the remedy of economic crisis resulted by Keynesian welfare economic policies; the developmental states with statism where the state plays a regulatory and entrepreneurship roles in economic development still in neoliberal era; and the developing nations where neoliberalism was imposed by international organizations like World Bank, IMF, WTO as loan conditions.

3.2 The Rise of Neoliberalism

The concept of neoliberalism was first emerged when the Austrian British economist and philosopher Friedrich Hayek published his book *The Road to Serfdom* (1944) where he warned that the state-led capitalism would bring autocracy through central planning where the state controls the economic decision making and would inevitably result in the serfdom of individual too by abandoning individualism and classical liberalism (Hayek, 2001). Hayek's arguments gained extensive eminence, during the late 1970s and early 1980s, as the political procedure for the remedy of global recession that sustained during the preceding decade. Because of the diminishing profitability of mass production concept of Fordism and the failures of Keynesian welfare states, the western countries started to create new institutional arrangement

and policies to increase economic productivity by reducing state control over significant industries through deregulation and to reduce budget deficits by curtailing social welfare. The new political philosophy defined the role of the state as the stimulator of economic development by promoting the market (Lee and Zhu, 2006).

The researches on neoliberalism has been primarily done with reference to political inclinations and the initiatives by the international agencies. The most prominent regimes that invited neoliberalism are Reaganism in the USA and Thatcherism in the UK which aggressively implemented neoliberal reforms in the 1980s and steadily influenced the majority of countries in the world. The neoliberal transformation of many Third World countries happened through structural adjustments and fiscal austerity programs with the advocacy of the international neoliberal agents like the International Monetary Fund (IMF), the World Bank, General Agreement on Tariffs and Trade (GATT), and the World Trade Organization (WTO) (Brenner and Theodore 2002).

3.3 The Role of State in Neoliberalism: Institutional Transformation

Harvey (2005) defines neoliberalism as “in the first instance a theory of political economic practices that proposes that human wellbeing can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by private property rights, free markets and free trade”.

While the meaning of neoliberalism is always a topic of extreme debate, recent discourses on critical theories of neoliberalism have developed many significant insights that conceivably have important inferences for empirical research on neoliberal restructuring of politico-economic institutions and impacts of this restructuring at all spatial scales (Brenner and Theodore, 2002; Gough, 2002; Peck

and Tickell, 2002; Tickell and Peck, 2003). For this research, the propositions about neoliberalism expressed in these researches have analyzed carefully to develop the analytical framework to analyze the characteristics of neoliberalism that exist in Bangladesh and has influenced the housing situation of Dhaka.

The propositions can be summarized as neoliberalism is not a formula rather a process which articulated by prevalent institutional transformation where the role of the state is no more recognized as rolling-back; rather intense state-economy relations in market mobilizing forms are vital for the outcome. It is also argued that the neoliberalism is very debatable and faces protests from social forces against the failures it instigates.

Self (2000) has identified three associated features of neoliberal dissertation. From economic perspective, it is perceived that the free market forces are enough for the most effective allocation of resources; from social perspective, free markets are comprehended as the foundation of individual freedom through ensuring individual rights, constituting a foundational set of individual rights, accountabilities and prospects; and, from political perspective, neoliberalism proclaims the withdrawal of the state from all the tasks except those which are most vital for its survival, such as policing, defense, law. Because of the abovementioned features of neoliberal discourse, when neoliberalism became the basis for government policy, many scholars have identified a 'rolling back' of the state (Kelsey, 1993).

However, recently, scholars have identified new forms of state activity under neoliberalism. Peck and Tickell (2002) have argued that earlier perceptions of neoliberalism as 'rolling back' of the state is being changed due to the new attributes of the present-day neoliberal states. Though some of governmental activities have been terminated under neoliberalism, there are new types of activities which are being

identified to be done by the state. Instead of the 'roll back', the newly emerged governmental practices can be termed as 'roll out' or 'roll-in' of the state (Peck and Tickell 2002).

In many countries, neoliberalism has brought market driven housing provision where state's role has been considered as 'do nothing' and it has been believed that effective market would provide housing for all. Social housing or the provision of public housing was terminated with the blame of inefficiency and also to reduce the financial burden of the state. However, according to Doherty (2004), the 'roll back' proposition cannot be applied in housing policy generally as it would not serve the interests of all segments of population.

In the developing countries, roll-back neoliberalism was introduced by the international agencies as fund conditionality through structural adjustment programs in 80s while the roll-in phase would be initiated in the housing sector through the advocacy of World Bank in 1993 through market enabling approach where the state should play a vital role in mobilizing the market to work efficiently. The housing institutions of Dhaka will be discussed in chapter six to reveal the role of the state in housing sector and in mobilizing the housing market both in roll-back and roll-in phases.

3.4 Neoliberalism and Housing Provision

Neoliberalism emerged with opening up of market which emphasized on tapping the private sector wealth for housing provision. Neoliberal housing policy include the strategies like privatization of public housing, increase of housing rents, reduction of subsidies housing provision, easing of regulations and planning controls for private housing and mortgage lending (Wang et al, 2012).

In neoliberalism housing was no more considered as social good rather it has been commodified and used as investment asset in global financial market. Such transformation has intensely influenced the right to adequate housing endorsed by the constitutions across the world. In the new political economy housing is considered as real estate where speedy and frequent transaction in the market is required to appreciate the value (Rolnik, 2013). From the literatures the most prominent characteristics of neoliberal housing market have been identified which are as follows:

1. **Homeownership:** Neoliberal housing market targets at increasing the homeownership. Homeownership is considered as the best choice of housing for all and therefore the increase of homeownership has become the central of all housing policies. To increase the homeownership in neoliberal housing market:
 - a) As a first step, privatization of public housing started. In developed countries like UK and Netherlands public rented housing were sold to individuals through different mechanisms. To encourage homeownership liberalization of rent control and rent contract has also been initiated in to speed up neoliberal housing market (Rolnik, 2013).
 - b) As second step, financing of homeownership emerged. To make housing finance available for limited income people liberalization of mortgage market was started in developed countries through different strategies like abolishment of interest rate ceiling, relaxation of credit control and removal of restriction to enter the mortgage market and allowing of commercial bank to collaborate with full-service brokerage firm, etc. (Rolnik, 2013).
2. **“Unlocking Land Values and New Geographies of the Cities”:** Under neoliberal housing market, land is considered as only real property and its

value should be appreciated through development. Consequently, both in developed and developing countries, huge investment on land by real estate developers did change the geography of the city which is only accessible for wealthy people. In developing countries, the value of land started to be unlocked by massive eviction and replacement of poor settlements and communities (Brenner and Theodore, 2002).

3. **Affordability Crisis:** The abovementioned characteristics ultimately aggravated the housing affordability crisis in cities of both developed and developing countries. Price hike of both land and housing as well as ever increasing rents have reduced the housing affordability of the majority of city dwellers in the absence of state housing (Hodkinson and Robbins, 2013).

Neoliberalism was stigmatized in developing countries with the advocacy of international agencies like World Bank, IMF with the prescription of market enabling approach. Like many other sectors, housing has also been influenced by neoliberal philosophy of development. Housing was no more considered as social good rather the role of housing in economic development was emphasized by encouraging housing provision through market with private investments. The characteristics or features of neoliberal housing market have been summarized in Figure 3.1 which is adapted from important literatures on neoliberalism and housing.

According to the literatures on neoliberal policies and their influences on the housing provision, the political economic environment of the concerned nation determines how the influences would be. Countries of three categories have been identified from the related literatures on neoliberalism and housing. Those are (1) Western developed

countries, (2) developmental states¹ and (3) developing countries. The neoliberal impacts on housing provision in these three categories of countries have been discussed in the following sections. The influences have been organized under the three most prominent characteristics: homeownership, “unlocking land values and new geographies of cities” and the affordability crisis (Figure 3.1).

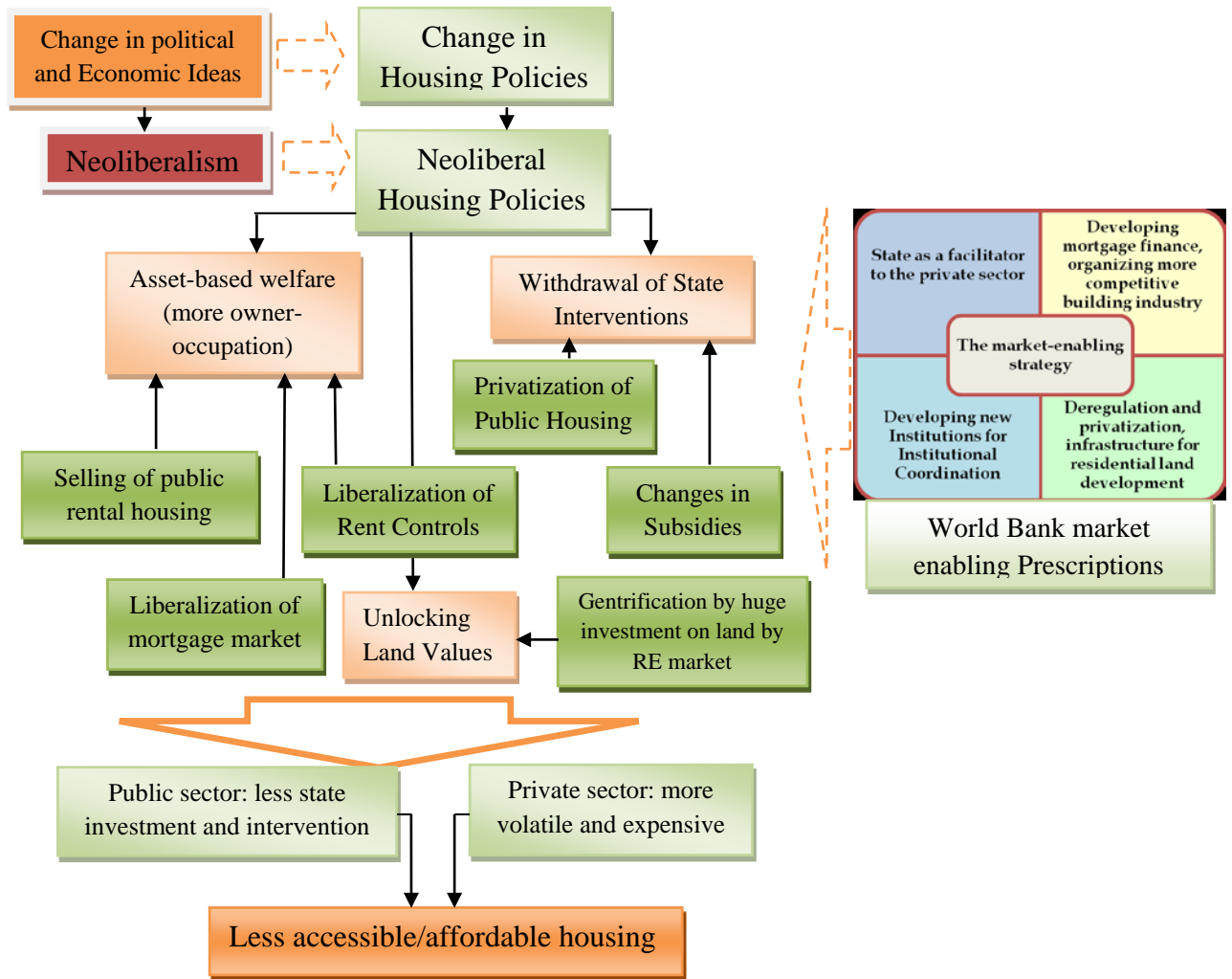


Figure 3.1: Features of Neoliberal Housing Market

Source: Adapted from Hervey, 2005; Lee and Zhu, 2006; Hodkinson and Robbins, 2013; Brenner and Theodore, 2005; Rolnik, 2003 and Rahman, 2012

¹ **Developmental state**, “is a term used by international political economy scholars to refer to the phenomenon of state-led macroeconomic planning in East Asia in the late 20th century. In this model of capitalism, the state has more independent, or autonomous, political power, as well as more control over the economy”.

3.5 Neoliberal Forces Influencing Western Countries' Economy and Housing Provision

During the mid-1970s and early 1980s, neoliberalism started to far-reach western European countries and North America, being the political contestation to the continued global recession of the former decades. Different policies applied throughout all sectors of society started to be mobilized pretending to widespread the market-based promotion, rivalry and commodification. Capitalists visualized it as a way to promote profits by lessening state intervention. Hence, States envisioned it as an opportunity to address their fiscal critical crisis (Brenner and Theodore 2002). The following sub-sections describe the influences of neoliberal public policies on housing markets of western economies.

3.5.1 Homeownership: Asset-based Welfare and House Price Inflation

In last few decades, the concept of an 'asset-based' or 'property-based' welfare system has increasingly become crucial in the deliberations on the reformation of western welfare states (Regan and Paxton, 2001; Sherraden, 2003; Groves et al., 2007; Watson, 2009). In this system, individuals are responsible for their own welfare needs where they are encouraged to invest in financial and property assets that ensure short term or long term financial gains. In 'asset-based welfare' where the asset is housing, the primary mechanism to generate welfare is the possibility of rent-free living in retired life by paying off the mortgage during working life which can reduce the pension requirement (Kemeny 1981). The second mechanism depends on the capital stored in the possessed home which can be realized when any individual or household is in need. More recently, a third mechanism has emerged due to increasing housing financialization, where possessed home is used as security for borrowing loans (Wood et al., 2013).

However, the strategies to increase homeownership taken under asset-based welfare

system set apart the interests of two groups of the population, one who had already possessed homes with an interest in the constant increase in house prices and the other who are still seeking access who have demand for house price reduction or the improvement of home purchase affordability. In such circumstance, governments are in a dilemma. As, in the process of making homeownership an alternative to welfare, the property values must be appreciated, but at the same time, they also realize that, to ensure homeownership for all, affordable housing should be more widely available (Watson 2009; Ronald 2008).

In Australia, for a quite long time the homeownership is being considered as the mechanism for wealth accumulation for individuals, and utilizing this wealth, for ensuring better living conditions after retirement (Castles 1998). In respect of Australia, Stebbing and Spies-Butcher (2010) investigates how homeownership can reduce potential poverty of households in retired life. The study argues that, though asset-based welfare helps reduce the budget deficit of the state, it causes worse social protections for households who have insufficient savings to access asset-based welfare. It also indicates the possible failure of asset-based welfare because of the increase of the numbers of households without access to homeownership. Because of the application of asset-based welfare as substitute for rather than social welfare, the vulnerable households are going to face adverse consequences. According to the study, homeownership centered welfare approach would be responsible for the increasing economic inequalities in Australia (Stebbing and Spies-Butcher, 2010).

By the end of 1990s, the homeownership reached such a level that possession of housing asset was considered as a 'cornerstone' in welfare policy of new welfare states (Groves et al., 2007; Malpass, 2008). A number of welfare states in western world

started to shift from state managed to privatized forms of social protections where ownership of housing asset was seen as alternative to welfare (Allen et al., 2004; Toussaint and Elsinga, 2009; Doling and Ronald, 2010). During 2000-2008, a real estate bubble was created motivated by different factors. The measures taken for the massive entrance of credit and the promotion of easy access to credit by reducing the interest rates, as well as other indicators of economic growth generated a massive consumption of private housing. Together with the general optimism of the society as well as the promotion of the homeownership and implied speculative operations escalated the housing prices. Nevertheless, the housing bubble unsurprisingly burst, and resulted in the Global Financial Crises (GFC) by the late 2000s. The intense fall of market values of housing due to the crisis unveiled the pitfalls of asset-based welfare. The crisis affected both homeowners and those seeking for access to homeownership. The reduced market values threatened the utility from housing as the alternative to social welfare. However, the reduced price could not help the households seeking access to homeownership due to scarce mortgage and rigorous lending conditions. The crisis caused intense reduction in the numbers of first time home buyers in the UK. In 2004 the percentage of home owners in 25 to 34 age group of UK was 59 while it reduced to 36% by 2014 (Ronald, et al., 2015).

Despite the revealed flaws of asset-based welfare, the approach has not been abandoned and homeownership still has been considered as the source of welfare which again caused the revival of housing markets and prices since 2013. Asset-based welfare centered around homeownership continues to be the cornerstone of housing policy. Therefore, GFC triggered troubles in accessing homeownership could not incite the strategy to develop affordable rental tenancy options, rather, the housing policies continue to suggest greater support for homebuyers to arrest the declining

homeownership rates (Ronald, et al., 2015).

3.5.2 Neoliberal Urbanism: Unlocking Land values, Gentrification and Displacement

The development of cities, dictated by global financial capitalism, to be in higher positions of the hierarchy of global cities has emerged the concept of neoliberal urbanism. In neoliberal urbanism, the key objective of developing cities is to win the competition for attracting international investment flows (Sassen, 2001). The immense advancement of neoliberal cities causes dramatically increasing values of land specially in centrally located areas, and when the buildings or structures founded on these areas depress this value, gentrification is initiated with luxury and higher density causing the displacement of lower income inhabitants (Smith, 2002).

Gentrification across the western countries happened due to the infiltration of global finance. New luxurious condominium with sixty-one units in Lower East Side of New York can be an example in this context. The condominium, though was a small establishment in the standard of a global city, it was developed globally where the developer Israeli, immigrant laborers were employed, and the finance was provided by the European American Bank (Smith and DiFilippis, 1999). Neoliberalism induced gentrification has been in a mass scale to transform the characteristics of the whole areas where the new landscape complex which including facilities for recreation, consumption pleasure, employment as well as for living. However, the new complexes have always invited the upper class and displaced the lower class residents (Vine, 2001).

Gentrification was recast as a positive and necessary environmental strategy through the 1999 British regeneration manifesto which declared that over the next 25 years, housing programs will occur on “brownfield” sites to provide 60% of new housing.

Here ‘brownfield’ sites refer to urban lands where development and redevelopment have occurred twice or more. The strategies taken for gentrification in the name of urban regeneration in the UK and across Europe have not documented anything about the Gentrification generally involves displacement, yet neither the British nor the Europe wide manifesto for “urban regeneration” registers any recognition of the destiny of the households displaced by the suggested reconquering of the city. Hence the term ‘regeneration’ used in UK and Europe can be considered just as to sugarcoat the harshness of gentrification (Smith, 2002).

Harvey’s (2008) notion of “accumulation through dispossession” portrays an influential explanation of the outcome of urban regeneration and gentrification that are useful to understand the economic, political and consequential social effects of such strategies on the dwellers of cities. According to him the innovative demolition in the name of gentrification is nothing but the process of absorbing the economic surplus by capitalism which otherwise could be used for providing essential services like housing health and education. In the cities of western countries, gentrification causes dispossession in in less brutal and illegal manners. Through the rights of eminent domain, dispossession happens in United States when high class landuses like luxurious condominiums by displacing long term residents (Harvey, 2008).

3.5.3 Affordability Crisis: Threat to “Right to the City”

Asset-based welfare system, gentrification induced by unlocking of land values, increasing importance of cities for global capital accumulation, the increasing centrality of real-estate development in the new urban economy have resulted in housing affordability crisis in global cities. Though it was argued that national incomes would grow because of the neoliberal macroeconomic transformations, poverty would

be reduced and all income groups will be able to afford housing supplied by neoliberal markets, the things never happened in that way (Sandhu and Korzeniewski, 2004). Nevertheless, the right to adequate housing has been compromised by the market-based reforms and the structural reconfigurations that neoliberalism has entailed (Kadi and Ronald, 2014). Urban housing markets have become elitist arenas where low income inhabitants have been threatened in their “right to the city”. These have been manifested in the affordability of the properties and rental tenures, encompassed by a reduction in social/protected rental housing. In addition, the availability and affordability of housing have been threatened by the policy shift towards ensuring better conditions for owner than rental occupied housing as it has stimulated speculative activity (Rolnik, 2013).

The private consumerism and investment in construction have been considered the principal expansion boosters to overcome the cyclical crisis that have affected Spain. The Spanish National Bank report 2003 (Galland, 2016) warned about the risky situation of basing the nation’s growth almost exclusively in these two sectors. This refers to the progressive indebtedness of families, whose economic position have weakened as their capability to save is reduced (Galland, 2016). In addition, it lowered the economic competitiveness thus there were no investments in improving productivity or technologic innovation. The market-based housing finance was the most important activity in the financial sector, contributing to a fictitious increase in the real estate prices having an enormous impact on housing affordability (Galland, 2016).

Due to the abandonment of the Keynesian concept where the states have roles in ensuring equity of access to the city and affordable housing, the global and neoliberal

city like Toronto also marginalized the poor and low income vulnerable households who were started to be considered as the scar of neo urban landscape (Sassen, 2005).

Clark, et al. (2018) has described the affordability crisis across cities of USA resulted from neoliberalism induced gentrification. Gentrification within inner city and disinvestment in the periphery have left the middle class and working group in housing affordability crisis. The gentrification plans for several inner cities of USA include mostly high class residential and commercial developments, where affordable housing projects are almost non-existent (Clark, et al., 2018).

Neoliberal policies have turned New York into a city of income inequalities and affordability crisis. After 1990s the state level subsidies were reduced and protective rent regulation laws were weakened. The consequences of such policy shifts can be realized from the fact that only 0.03% of rental units provided in the year 2014 were affordable to a minimum wage earner working full time in New York. According to American Community Survey 2013, 55 per cent of total households of NYC were rent burdened whereas thirty percent among them were severely rent burdened (Clark, et al., 2018).

In UK both the Right to Buy scheme and urban regeneration have aggravated the housing affordability crisis. Under Right to Buy scheme huge number of public social housing were sold at discounts to tenants, most of which then transferred to housing association (private non-profit making organization) for rental again. Majority of the remaining council housing were transferred to housing associations too. Due to declining public subsidy for the housing associations the rents of the housing managed by them got upward pressure (Hodkinson, 2012). Moreover, urban 'regeneration' strategies in UK continue to demolish affordable housing for sake of expensive

housing options (Slater, 2016).

The protests, in London and in some other cities of UK, instigated by bizarrely inflated housing costs for all tenures drew attention of the Government to think about ‘rent ceiling’. But with the advocacy of the Institute of Economic Affairs (IEA), a key institution which influenced the adoption of neoliberal ideology in UK, the attention was diverted away from the housing affordability crisis resulted from neoliberal policies. For privatization of housing, Buy-to-let mortgages were being provided since 2000, which used for get-rich-quick scheme and never helped the tenants. Due to neoliberal policies, despite the existence of nearly 1 million empty homes, homelessness is on the rise in the UK. More than half of incomes are being spent on housing by 1.6 million households while the poorest households have very meager amount of money after paying housing costs (Dorling, 2014; Meek, 2014; Lansley and Mack, 2015).

3.6 Neoliberalism and Housing Provision in Developmental States

Beeson (2007) referred to developmental states where states “influence the direction and pace of economic development by directly intervening in the development process.” While Johnson (1982) referred to developmental states in which “the state itself led the industrialization drive, i.e., it took on developmental functions.” States in neoliberal western countries play only the regulatory roles while in developmental states, they play both the regulatory and developmental roles. The East Asian countries like Singapore, Taiwan, Japan, and South Korea are examples of developmental states where the governments play significant roles for national economic development by promoting as well as regulating micro-economic actors that operate efficiently in competitive markets.

Globalization has started to affect Asian developmental nations and the roles of their governments since the 1980s. IMF and the World Bank have intervened to introduce neoliberal strategies in developmental states through economic reform packages since the Asian Economic Crisis in the late 1990s (Hundt, 2015). According to the scholars, the economic crisis left no choice for the developmental state but to adopt market oriented neoliberal policies. The supporters of the developmental statism claimed that neoliberalism served the interest of western developed nations which was to ensure their economic development by adopting market oriented rather than nation building strategies in developing societies. Because of the continuous failure of neoliberalism worldwide, they also recommended developmental states for the development ideology for twenty-first century (Chang, 2002; 2003).

3.6.1 Homeownership: State Interventions in Favor of ABW

Doling (2002) studied eight Asian countries in context of housing provision and concluded that the states in Singapore and Hong Kong exercise robust roles as housing providers and developers while Indonesia, Malaysia, and Thailand depend on self-help strategies for housing provision. The other developmental states like Korea, Japan, and Taiwan adopt strategies including both some kind of interventions and subsidies to make the housing provided by the market affordable for low income households (Doling, 2002)

Since the economic reform, homeownership oriented housing strategies have been adopted in China. Since then housing was commodified, public housing was privatized (known as ‘reform housing’), and housing started to be considered as an investment opportunity due to continuous appreciation of housing prices (Fulong Wu, 2015). Such changing attitudes increased the homeownership in China. In 2010 the

homeownership rate in urban areas was 89.3% among which 38% owned housing provided by the market, 11.2% inherited private housing, and 40.1% owned reform housing. The percentages of homeownership in urban China reveals the persistent commodification and privatization of housing (Fulong Wu, 2015). However, the gradual approach of housing reform in China helped minimize the political resistance against privatization and commodification of housing. In the gradual approach the production of housing was privatized and done by the housing market but the consumption of housing was guided by the state where work-units (employers) had to buy housing from market and allocate among employees as in kind benefits. Moreover, the state introduced 'Housing Provident Fund' to improve the housing affordability of the employees (Wong, et al, 1998). With the help of gradual approach, private housing market was developed even under very low affordability situation. Other strategies were adopted too to overcome the housing affordability bottleneck which ultimately benefited the well offs only. The land charge was waived by the state in case of affordable housing provision which served the homeownership interests of well off households in reality (Wang et al. 2012). To support the housing affordability, a mortgage market was established but again it served high-income households. Hence the mortgage support increased the purchasing power of well offs which in turn caused asset appreciation (Logan et al., 2009).

When neoliberalism adopted in Japan, the asset-based welfare approach was appeared too to minimize the financial difficulties of the government due to previous social welfare provision. In the changed situation, the welfare system of Japan consists of very limited social welfare and the welfare that overtly rely on homeownership (Hirayama, 2010). As supports for increasing homeownership, the Government Housing Loan Corporation (GHCL) launched a series of new loan systems. For

example, in one loan system step-repayment was allowed where repayments were kept lower in first five years. another system to ease repayment, longer loan period was introduced where inheritors can assume the loans taken by their parents. There was another supportive loan too where supplementary loans were provided in addition to original loans. Due to such supportive strategies since the early 1980s, the exceptionally large older population of Japan are housing asset rich but cash poor (Hirayama, 2010). The increased housing demand due to housing affordability increasing strategies have been inspiring new housing construction but at the same time huge provision of new fashioned housing have been quickening the devaluation of old housing since the 1990s. Hence, though such strategies have increased homeownership, they have weakened the asset-based welfare system as it based on the conjecture that the house price inflation should be faster than the general inflation (Doling & Ronald, 2010).

Lee et al. (2003) found that in developmental states the housing policies targeted at promoting homeownership where the states behave like private developer. Most of these countries have a high rates of homeownership which are mostly more than 80%. All the developmental states have a rate more than 80%. The Singapore government has provided 86% of total housing stock which are mostly for sale (Yuen, 2002). The housing policies implemented in Taiwan indicate the transformation towards neoliberalism. Like Japan, Taiwan's government also initiated different conducive home loan packages to encourage the purchase of housing. However, instead of supporting the families in need these mortgage facilities encouraged purchasing of housing as investments and promoted the neoliberal real estate market at the cost of social justice (Chen and Li, 2012). Among developmental states, the homeownership rate is comparatively low only in Hong Kong which was only 52 percent in 2000 as

most of the public housing in Hong Kong are for rent. However, still the housing policy of Hong Kong is truly neoliberal in nature. The Hong Kong government also took the neoliberal initiative of selling rental public housing to increase homeownership (Lee et al. 2003).

3.6.2 Unlocking Land Values and New Geographies of Cities: State led Gentrification

In the developmental states government intervened gentrification to support homeownership is very common (Lee et al., 2003; Ronald and Doling, 2010). The governments of these countries have adopted noteworthy guidelines for easing the supply of land as well as substantially controlled the lending process to encourage gentrification by larger and more efficient construction companies.

Since the 1980s, the developmental state Japan took initiatives to stimulate the economy based on housing and urban redevelopment. The laws related to urban planning and building construction have been deregulated more than once in Japan to expand the building volumes of cities which in turn would contribute to the GDP (Sorensen, 2010). To increase the marketability of newly constructed condominiums in the cities, “living in the city center” campaign was promoted which contradicted the previous suburban lifestyle of mass production period. The gentrification was promoted in such a way that the mass construction of condominiums has created new ‘hot spots’ in big cities, especially in Tokyo (Hirayama, 2010).

In the city-state Singapore, which is a developmental state too, gentrification became the policy tool to ensure the state’s survival as well as to attain the status of a global city (Chang, 2014). The most prominent example of gentrification in Singapore is the regeneration of the historic waterfront into the centre of business and economic

activities. Wong (2006) has described the gentrification of Singapore's waterfront as an attempt to ascend the ladder of competitive global cities. In contrast to the other cities discussed, the overcrowded and dilapidated housing in central locations of Singapore were replaced by commercial enterprises, not middle-class residences. However, to achieve the status of one of the most attractive cities in the world, the policy to keep CBD non-residential was reviewed and by the mid-1990s, the locations around water front had been redeveloped by luxurious condominiums. Though the low income housing ultimately was replaced by luxurious condominium and commercial uses, the transformation process did not involve 'Accumulation by Dispossession'.

Gentrification happened in the capital Shanghai of China in the name of re-urbanization, urban revitalization, urban renewal and beautification where old houses were replaced by huge apartment blocks, mixed-use districts and green spaces. However, He (2010) describes the case of Shanghai as gentrification because it involved the displacement of thousands of local low income households for the advantage of higher income households. The low income households were forced to shift to the peripheries of the city while the redeveloped spaces within the city were occupied by high income ones (He, 2010).

Like the other cities of developmental states, the gentrification in the capital Seoul of South Korea was also state-led. The government initiated gentrification as early as in the 1960s by downtown renewal projects which evicted squatters. As neoliberal housing strategy, the state signified gentrification more in the 1980s to promote the home-ownership by housing redevelopment. State facilitated redevelopment was led by large developers and property owners. The scale of gentrification in Seoul expanded too like other developmental states after the Asian Economic Crisis in the late 1990s

where the state was more actively involved and the private sector played a greater role (Shin, 2009).

3.6.3 Affordability Crisis: Common Phenomena with Some Exceptions

During the planned economy phase in China since 1950 to 1977, housing was considered as welfare for all workers. Ninety percent of urban housing stock was controlled by the state. Afterwards when socialist market economy was introduced in china (1978-1989), housing became the shared responsibility of the state, employers and the individual households. Since then the sale of public housing was started, work units or employers were allowed to invest in housing for their employees and some institutional reform started to adapt with premarket approach (Shaw, 1997; Yueng, 1996). Since 1990 both the rapid economic growth and neoliberal influences intruded after Asian crisis affected the housing affordability in Chinese cities. Several housing reform policies were adopted to transfer the responsibility of housing provision from the state to the private sector. The target of the policy reform was to increase rents and wages, and to sell social housing to individual households. The housing affordability problem emerged significantly in 2006, when house prices started to surge specially in a few first tier cities. Facing with this pressing affordability problem, “meeting the housing needs of all people” has become increasingly important in the Chinese government's policy agenda. On the demand side, the Housing Provident Fund (HPF) system is the key policy instrument. On the supply side, local governments have developed a huge amount of public and quasi-public housing units, including shared ownership housing, ceiling-priced commodity housing, affordable housing, and public housing for renters (Li et al., 2020). So unlike many other developed countries, the state of China played a significant role in tackling the housing affordability crisis caused by the neoliberal reforms.

The export oriented industrialization resulted from neoliberal globalization instigated rapid economic growth in developmental states. The neoliberal development was city oriented which reinforced the creation and growth of primate cities like Kuala Lumpur, Bangkok and Manila. The growth and expansion in turn increased the housing demands and prices significantly in those cities. Due to the lack of efficient government policies and programs, informal housing provision filled up the gap between housing need and formal housing supply. While it was considered traditionally that housing in informal settlements is a temporary solution and with economic growth such housing would be upgraded automatically. However, the cases of these Asian cities do not demonstrate that. The housing provided by the market mostly serves the upper income households because it is profitable for private developers but the nature of such housing supply causes detrimental mismatch between demand and supply (UN-Habitat, 2011). With few exceptions like Singapore or Hong Kong, in all countries of Asia including developmental states the provision of affordable housing does not match the increasing housing need resulted from urban growth (UN-Habitat, 2011). However, recently the exception Hong Kong has also been rated as the least affordable city among 406 metropolitan housing markets worldwide according to the latest annual survey of U.S. Consultancy Demographia. Here, a household from median income group requires 18 years' savings to buy a house of median price which is about \$695,000. About Hong Kong, the critics have argued that the government keeps prices "artificially" high through constraints on the private housing market and controls on bank lending (Fensom, 2017).

The neoliberal policy measures to fuel domestic demand and the institutional reform of Japan helped the restoration of industrial profitability of this developmental state (Hebbert & Nakai, 1988) and resulted in rapid economic growth in the 1980s.

However, by the late 1980s, these measures were proved as unsustainable because the financial deregulation, low cost lending options and expansionary monetary policies and other factors caused the abnormal increase in stock and asset values which in turn created Japan's bubble economy. Excessive building and speculative investment were the key features of Japan's housing market in the 1980s which caused the residential land price hike over 280% between 1985 and 1990 (Zhang, 2017). The inevitable burst of the bubble happened and the economy of Japan went through a significant recession during 1990s. To recover from the recession, the state took several strategies to encourage real estate development. The capital city Tokyo's population increased by roughly 7.5% from 2005-2015, but its housing stock rose by roughly 2% per year, or 20% in the ten-year period. By allowing buildings to be torn down and built at will, with minimal red tape and encouragement from the government, housing prices have remained relatively even and there is no shortage of places to live in the city. Due to neoliberal policy adoption, Japan has seen the same urban densification, population growth and economic prosperity as cities like London, New York, San Francisco and Vancouver (all prominent cities with an "affordability crisis"). However, there's one distinct difference between these cities and Tokyo. Unlike other prominent cities, in Tokyo, housing prices have only marginally increased.

Neoliberalism has caused housing affordability crisis in the developmental state Taiwan too. Since mid-1980s, because of the neoliberal globalization, the domestic market of Taiwan was changed by internationalization and financial deregulations and the changes affected the housing market specially of the capital city Taipei, too. Rapid economic growth and financial policies helped the accumulation of large funds which were then directed into the real estate market. The surplus funds instigated speculation as investors and financial institutions entered the property market. The housing prices

in Tpei more than tripled just within six years from 1986 to 1992 (Chen and Li, 2012). The speculation in housing market aggravated the housing affordability crisis more. The average price of an apartment sized 1100 sq. ft. was 8.3 times the average annual household income, or 30 times the average annual household saving in 1991 (Chen and Li, 2012).

Housing Affordability crisis in South Korea was caused by neoliberalism induced gentrification. In Seoul, the speculative rise in property price in the redevelopment projects with much higher density created affordability crisis for the low income people who were displaced due to gentrification. Gentrification under the New Town Program (NTP) resulted in a significant reduction of low income multi-household dwellings. According to a short-term appraisal, around 80% of original residents were displaced from the project sites of NTP due to escalating housing costs (Shin and Kim, 2015).

3.7 Neoliberalism and Housing in Developing Countries

The “roll-back” neoliberalism of the 1980s, where market driven economic growth and removal of welfare state in the US and Europe were suggested, was introduced as Structural Adjustment Programmes (SAP) in developing nations (Brenner and Theodore, 2002). The nature of state formation in developing nations was diverse during different time periods like the postcolonial state, the bureaucratic-authoritarian state, the developmental state, and so on. However, since the early 1980s, the diversity was replaced by a worldwide accepted homogeneous state model guided by neoliberal assumptions and policies which assists private capital, favors and depends on private market for economic growth, and emulates business management (Haque, 2008).

This following sub-sections describe the implications of neoliberal economic,

financial and governmental reforms on housing provision. This discussion has also been organized under three most prominent characteristics of neoliberal housing market as mentioned in section 3.4.

3.7.1 Homeownership: Policy Backfires

The neoliberal policy recommended ownership as the best housing tenure option but targeted at increasing homeownership however it transferred the responsibility of housing provision from public sector to the private market where housing would be provided based on demand not need. In developing countries, the conversions of housing need to housing demand is very slow due to low level of affordability of the majority of population. As a result, both the state and private developers became reluctant to be involved in the unprofitable low income housing market. Hence, the bottom 60 to 70 percent of urban population who could not access the expensive housing provided by the market were the victims who had no other option than to accommodate themselves in informal housing or in formal rental accommodations (Malpass and Murrie, 1999; Songsore et al., 2004). So demand based housing production has emerged the situation where ABW approach of neoliberalism backfired. Instead of homeownership focused neoliberal housing policy reforms, homeownership rate in most of the developing countries has been reduced over time.

Selling out of public rental housing to increase homeownership has been reported in case of developing countries too. As for example, The Structural Adjustment and Economic Recovery Programs adopted in Ghana in 1983 suggested the selling out of the lands, which were acquired for providing public rental housing, to private developers. The already developed houses were sold out too and acquired by the high to middle income households as the low income households could not afford those.

So, the locations, previously acquired for the low income households, were eventually occupied and gentrified by higher income group due to neoliberal reforms (Tipple, 1994; Addo, 2014). Thus such strategies to increase homeownership benefitted the higher income group only at the cost of diminishing homeownership dreams of the majority of population.

A large segment of city population in developing world live in informal settlements. Slum rehabilitation is a way to upgrade their housing quality and fulfil homeownership aspirations. Slum rehabilitation is neoliberal in nature because, instead of government intervention, it relies on the free market and shifts the responsibility from government to civil society. Moreover, nowadays, slum rehabilitation involves private developers, builders, and financial institutions, too (Mukhija, 2001). According to Nijman (2008), the rehabilitation project of Ganesh Nagar D (GND) slum in Mumbai was successful which ensured homeownership of 339 households who were previously squatting in GND slum. The slum community with the help of a local NGO constructed three six storied buildings consisting apartments of 225 sqft each. Due to the low prospects of profitability, the slum rehabilitation initiative failed to convince any developer. In absence of a private developer, to manage required financing became the major challenge for the project. However, HDFC (Home Development Finance Corporation), eventually became interested to provide a loan to finance the construction costs component of the project. It became possible by virtue of the rapid development of Mumbai's neoliberal real estate market. In this sense, the rehabilitation of GND could be seen as the outcome of new opportunities created in the neoliberal urban environment, however, the process also proved that slum rehabilitation should not be left entirely to the free market. because the most important component of the project, land was provided by the state and without this support the

rehabilitation of GND would not be possible (Nijman, 2008).

3.7.2 “Unlocking Land Values and New Geographies of Cities”: Forced Eviction in the Name of Urban Regeneration

According to Harvey (2005), the path of neoliberal change has been different in Third world cities than those in First world because of the prevailing non liberal urban policies adopted here during major part of the twentieth century. However, to be competitive in global city ranking gentrification of inner cities has been embraced similarly in cities of both worlds. So, it can be said that, at least, in this respect, the neoliberalism specially it's roll-in phase has brought convergence between larger cities of both developed and developing countries.

Even though gentrification might be limited somewhere, the deployment of real-estate markets as ways of capital accumulation is universal. Intense price-hike of real estate in majority of large cities of Third world in the 1990s also indicates a further symptom of the strong relation between real estate industry and neoliberal urbanism. Capital accumulation prompts gentrification in the same way it heightens the inconsistency between production and social reproduction. However, the process of gentrification is quite different in different places. As for example, the market deregulation and globalization had led to “extravagantly high prices” in the mid-1990s which was even higher than those in Tokyo, New York, or London (Nijman 2000). Though the extreme bubble of 1996 burst afterwards, the higher end of the Mumbai real estate market is still competitive with real estate in cities across the world. The rapid expansion of the residential real estate market infers increased pressure on land which instigated real gentrification in some neighborhoods. The conception of ‘new’ middle class along with the neoliberal real estate market has turned this conurbation in some ways into a “revanchist city”, where effluents are taking revenge upon the poor by evacuating

them from the valuable urban land (Smith, 2002; Whitehead, 2007).

Though there is lack of scholarly research on the impact of globalization and neoliberalism on African cities, there is fundamental evidence that many Sub Saharan African nations have used forced evictions as an urban development and redevelopment tool. According to COHRE (2006), it is evident in nineteen African countries that forced evictions have been conducted between 2003 and 2006 in the name of urban regeneration.

Another study by Afenah (2009) has described a case of forced eviction in the capital of Ghana, Accra which she explained as a result of neoliberal urbanism that provoke regeneration through gentrification in prime cities to make them the destinations of choice for global investments. The case study on 'old Fadama' the squatter settlement located near to the CBD of Accra revealed that the Government of Ghana (GoG) tried to rationalize the regeneration by forced eviction of settlers of the area in the name of the development of modern world class capital.

3.7.3 Affordability Crisis: Income inequalities and Real Estate Price Inflation

Though the neoliberal reforms were initiated to fuel the economic growth, they worsen the poverty situation worldwide specially in developing nations. The number of people living below the poverty line in Latin America increased by 42 percent during 1980 to 1990, the number of people living in poverty in Latin America increased by 42 percent (Harris, 2000). This worsening poverty has been seen as the outcome of neoliberal reforms such as the removal of subsidies, decline in social expenditure, and use of austerity measures (Veltmeyer, 1993). In other developing countries in sub-Saharan Africa, the number of people living in poverty increased by nearly 90 million within 1990 to 2001 (United Nations, 2005). Similarly, in South Asia, the number of

poor also increased by 27 million only within eight years since 1990 (World Bank, 2000). It has been generalized from different sets of data at national levels that while economic inequalities in most developing countries was started to diminish during the 1950s, 1960s, and 1970s, it began to rise again during the period of neoliberal reforms which started since the 1980s (United Nations, 2005).

Neoliberal reforms caused a shift in housing policy too, where the approach of “affordability, cost recovery and replicability” was replaced by market based solutions and restructuring of housing subsidies. Other components of neoliberal housing policy included the improvement of access to the market rate housing finance and removal of rent controls, etc. (World Bank, 1992). Though neoliberalism was embraced with a hope that economic growth will increase income and financial capacity of all income groups, the low income group particularly hard hit by unemployment, inflation, and removal of subsidies for water, energy, fuel, transport and shelter (Burgess, et al., 1997). Instead of an expected decline, the squatter population increased in cities of developing nations. Homeownership amongst the poor and even among the low and middle income groups also decreased because of the decreased incomes comparing the inflated expenditures, increased housing prices and the high interest rates of mortgages.

Aribigbola (2008) has studied the housing affordability situation of Nigeria as a consequence of various neoliberal policies and programs adopted there. In 1991 the Nigerian government introduced neoliberal housing policy according to the economic prescription made by the World Bank. The most significant objective of the policy was to transfer the housing provision responsibility entirely to the private sector. Financial deregulation took place to make home loans and construction loans available

for individuals and developers. Though the housing policy set its ultimate goal as to make affordable and decent housing accessible for all Nigerians by the year 2000, the lack of primary mortgage institutions, lack of access to land as well as problems with land title, and unavailability of affordable mortgages were the obstacles on the way to achieve that (Okewole and Aribigbola, 2006). The results of the study by Aribigbola (2008) indicated serious housing affordability problems in Nigeria. According to the study, the market oriented housing provision strategies could not ensure sustainable housing delivery due to inflation, extremely increasing building costs, and declining house building activities. The study suggested that, the dependency on private sector for housing provision for all would not solve the prevailing housing problems of Nigeria rather the government should rethink about taking initiatives for social housing (Aribigbola, 2008).

The other country from West Africa, Ghana also shows the same trajectory of housing development and affordability situation as Nigeria. The market oriented housing policies formulated in Ghana could not make any positive implications in context of housing affordability. Rather the housing and housing finance provided by the formal market remained unreachable for the limited income people of Ghana (Boamah, 2014). For ensuring affordable housing for all, Boamah (2014) suggested that the policy makers should focus on designing housing finance solutions for low and middle income households, ensuring persistent researches on housing to identify problems and formulate solutions, developing and promoting local low cost building materials, and should explore the potentials of public private partnerships in housing provision.

3.8 Conclusion

The initiation of neoliberalism was the outcome of the crisis of Keynesian welfare states in the USA and UK in the 1970s. Neoliberalism resulted in varying outcomes in

different nations depending on the specific politico economic backgrounds and pertaining strategies adopted for institutional transformation. The most prominent characteristics of neoliberal housing market have been identified as the prominence of homeownership increasing strategies; “unlocking land values and new geographies of cities” and which ultimately result in the affordability crisis in housing sector. The homeownership has been encouraged in ‘asset-based’ or ‘property-based’ welfare system where the home represents a stock of capital that can be realized in any hardship of an individual or family. As the strategies to increase homeownership, in developed countries the social rental housing were sold to individuals at subsidized price and also the financial deregulation to make housing finance available for home purchase. Rent control was abolished too to encourage homeownership. In developmental states like Singapore and Hong Kong similar strategies were taken however the state never withdrawal its role in housing provision. The gentrification, which is the result of unlocking the land value, happened in developed, developing as well as developmental states. Both in western countries and cities in developing nations the gentrifications are the result of housing market operations where displacement of people is common. In developing countries mass scale evictions happened due to gentrification. In case of developmental states, gentrification resulted from state-led redevelopment projects. However, the developmental states, in recent times, have embraced the market driven form of gentrification of Western countries too. Both the asset-based welfare strategy and gentrification have influenced the housing affordability situations in all three categories of nations. Nevertheless, the crisis is most acute in developing countries because of increased income inequalities resulted from neoliberal policies as well as due to super expensive land and housing properties.

Chapter 4

RESEARCH STRATEGY

4.1 Introduction

This chapter describes the research strategy that has been followed to conduct the study. The strategy consists of the analytical framework and methodology for the research. The chapter first develops the analytical framework for assessing the interaction of Neoliberal institutional framework and residential real estate market and its effects on the provision of the middle income housing in Dhaka. Later, this chapter identifies the research methodology that is applicable to the analytical framework of this research on Neoliberal housing market. This part includes the theoretical perspective of the research methodology; overview of the required data to operationalize the analytical framework and the data collection techniques and process; and the data analysis. At the end of this chapter the limitations of the research methodology have been discussed too.

4.2 Analytical Framework

This research analyses the relations between neoliberal economic policies and housing affordability crisis of the capital Dhaka and required institutional framework to uphold the housing interests of MIHs in a neoliberal real estate market. Thus the purpose of the literature review was to explore the housing situation of Dhaka to present the evidence of housing affordability crisis and explore the impacts of neoliberalism on housing provision from the international perspective. The review therefore explores theoretical insights from theories and practices of neoliberal political economy in relation to housing provision and housing institutions. It is essential to develop an integrated analytical framework for combining theoretical insights of relations among

neoliberalism, housing provision and institutional framework for housing.

The integrated analytical framework helps investigate into the impacts of neoliberalism on housing provision in the capital Dhaka with reference to MIHs, following three major steps: 1. Investigate the identified neoliberal characteristics of housing market in context of Dhaka which include homeownership focused housing strategies, gentrification resulted from unlocking land values and eventual housing affordability crisis; 2. the neoliberal impact was taken farther to housing institutions where roll-back (before 90s) and roll-in (after 90s) phase of neoliberalism based on the relations between the state and the market were used as the framework for analyzing the changed role of the state; 3. Based on the insights of neoliberal market characteristics and housing institutions the constraints in the neoliberal housing market of Dhaka in respect of both demand and supply context have been analyzed.

4.2.1 Analytical Framework to Understand Neoliberal Policy Adaptation and Possible Impacts on Housing Sector of Dhaka

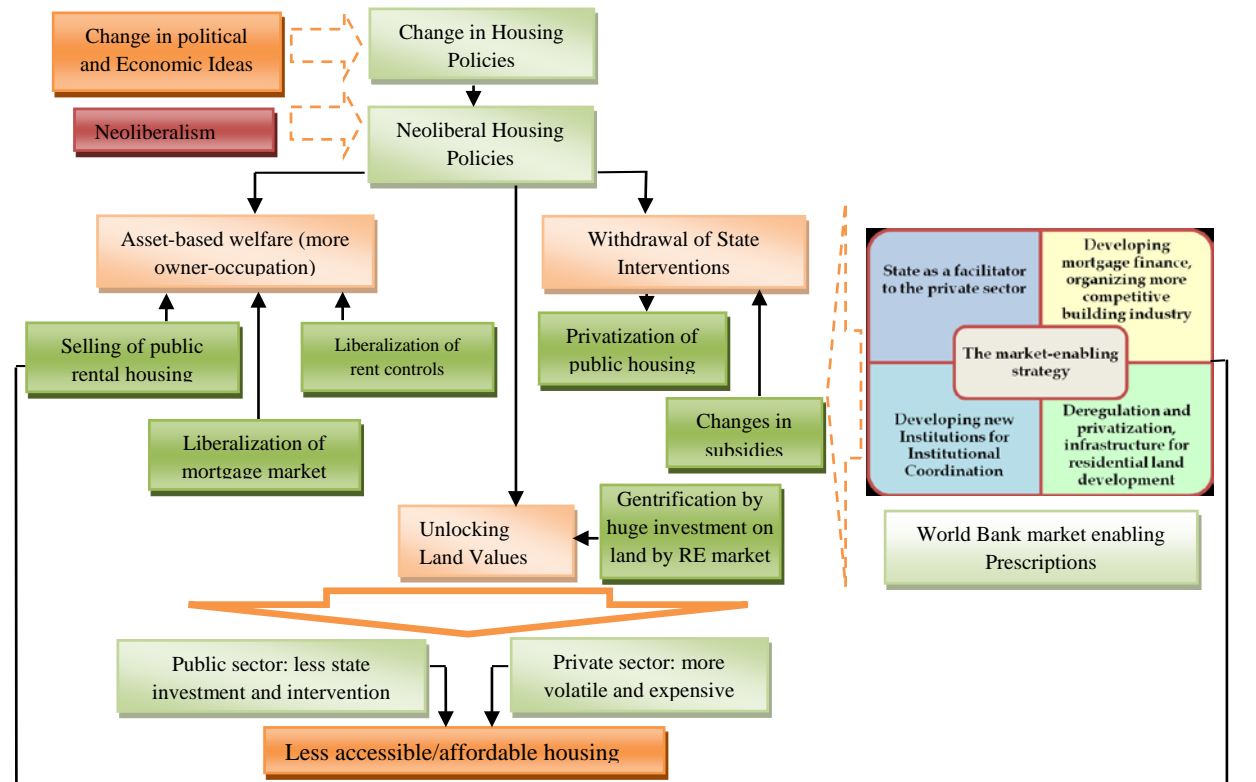
The most prominent impact of neoliberalism on housing is the commodification of housing and increased use of housing as an investment asset placed in a globalized financial market which has affected the enjoyment of right to adequate housing across the world. As mentioned in chapter three, the theories to define the interrelation of housing and neoliberalism have identified significant characteristics of neoliberal housing market that shape the housing provision in globalized cities. According to the literatures on neoliberal policies and their influences on the housing provision, the political economic environment of the concerned nation determines how the influences would be. Countries of three categories can easily be identified from the related literatures on neoliberalism and housing. Those are (1) western developed countries, (2) developmental states and (3) developing countries. Neoliberalism has

been introduced in the above categories of nations in different span of time and in slightly different forms. However, it impacted on housing provision with the prominence of **homeownership increasing strategies**; “**unlocking land values and new geographies of cities**” which ultimately result in the **housing affordability crisis**. The step1 in figure 4.1 provides a breakdown of the theories which has been used as an analytical framework to define the interrelation of neoliberalism and housing provision in context of the capital, Dhaka.

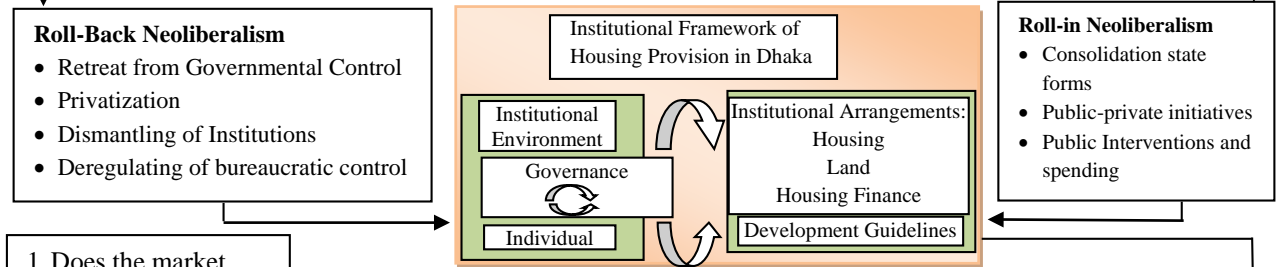
4.2.2 Analytical framework to investigate Housing Institutions in Dhaka through the lens of Neoliberalism

As mentioned in chapter three, institutional changes mostly occurred because of the changing role or involvement of the state in different sectors of the economy. According to the role of the state in providing services as well as in mobilizing the market, the neoliberal era is comprised of both roll-out (total withdrawal) and roll-in (active positive roles) phases. Using the insights from the literatures reviewed, the housing institutional transformation of Bangladesh specifically of Dhaka has been presented in chapter six where the step two of figure 4.1 has been used as the analytical framework.

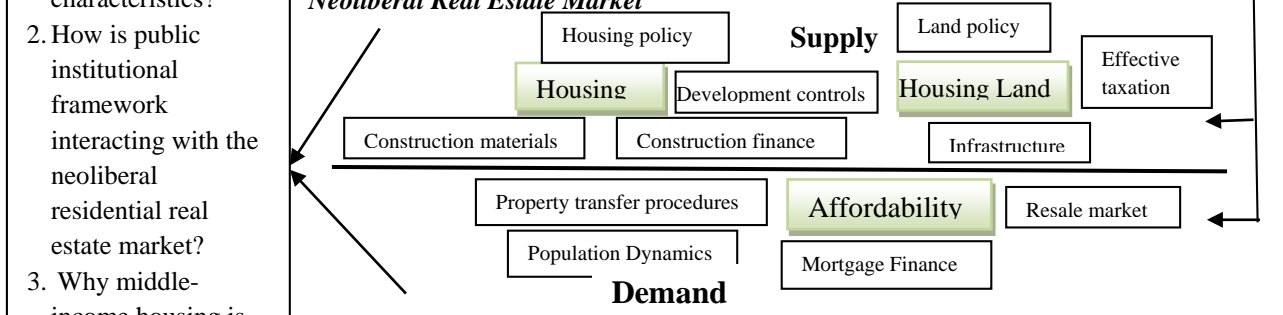
Step 1: Neoliberal Policy adaptation and possible impact in housing sector



Step 2: Analysis of Housing Institutions in Dhaka through the lens of Neoliberalism



Step 3: Identify the barriers that constrain the Provision of MIH through Neoliberal Real Estate Market



Step 4: Identify State interventions needed for the provision of Middle-Income Housing through market

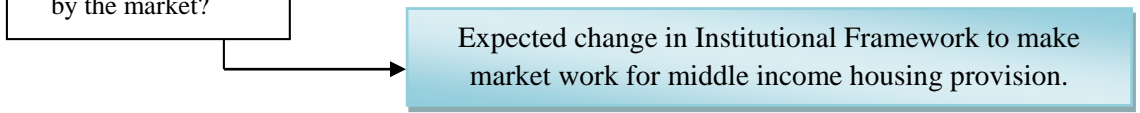


Figure 4.1: Comprehensive Analytical Framework of the Research

Source: Developed by the Author (2017) based on literature review and own perception

For institutional analysis, institutional mapping is essential. The central Philosophy of Institutional Analysis and Development (IAD) approach to institutional mapping has been used to map the institutional framework for housing in Dhaka. From supply perspective of housing, land is an essential component while housing finance is vital from both supply (construction loans) and demand (home loans) perspective. As shown in the Figure 4.1, to discuss the housing institutions, the institutional arrangements for housing provision as well as for housing land supply and housing finance have been included. The analytical framework for defining housing institutions also include the transformation of development guidelines over time as concerted housing development hardly takes place without by the guidance of physical and economic planning. All these components of housing institutions get formed through the interaction among overall institutional environment, governance and activities of individual organizations of a nation. The institutional analysis was done using a timeframe of three phases: 1. before the neoliberal paradigm shift (till the 1980s); 2. Roll-out phase (till 1990) and 3. Roll-in phase (since 1990).

4.2.3 Analytical Framework to Identify the Barriers that Constrain the Provision of MIH through Neoliberal Real Estate Market

As revealed in chapter three, neoliberalism has impact on the housing sector too and gave housing markets some specific characteristics. Asset based welfare approach of neoliberalism did emphasize the increase of homeownership where the housing provision ought to come absolutely from the market. The roles of the state in this regard were to work for easing supply and demand constraints of the market. The supply side strategies include the easement of housing land supply, slackening of regulations which are believed to play role in determining the responsiveness of the market to demand shocks. City centric growth strategies of neoliberal policy regimes consider the prime cities as the centers of all developments to make cities attractive

for global investments. Such prominence of prime cities made them prone to migration from other less prominent cities and villages. Population migration directly affects the housing demand by changing the demographic scale. When population increases, the housing need also increases naturally, however to turn the housing need into effective housing demand, affordability is required. Both an increase in income and availability of affordable mortgage finance are essential for converting need into demand. Therefore, the demand side market enabling strategies of the state include the financial reforms to make mortgage finance available and affordable. Inefficiencies of the strategies taken by the state can cause either supply or demand or both constraints in housing market that result in affordable housing crisis in neoliberal cities.

The analytical framework to discuss the barriers that constrain the supply of affordable housing for MIHs is presented in step 3 of Figure 4.1. Using this analytical framework, both the supply and demand constraints in housing market, that are mainly caused by the lack of or inefficient initiatives of the state, have been discussed in chapter seven. The content of the Chapter Seven is mostly the findings of the interviews which have been organized and validated using the analytical framework.

4.3 Research Methodology

Research methodology is a well-arranged set of activities which should be carried out to generate effective and consistent research results (Mingers, 2001). The purpose of methodology is to discuss the reasoning behind the application of specific research methods, revealing their strengths and limitations, finding appropriate theoretical domains related to research methods, and envisaging potential contributions of the research to the knowledge (Krippendorff, 1980). While, research methods are defined as the tools or techniques that are used for answering research questions and for

solving different scientific and real-world problems (Bryman, 2008). The nature of research methods differs with the problem which has to be analyzed. Hence, the following sections of this chapter presents a detailed description of the research methodology adopted for this study. The discussion includes a reflection on the theoretical positions of the research based on which the research paradigm is chosen, research approach is approved, and methods are applied.

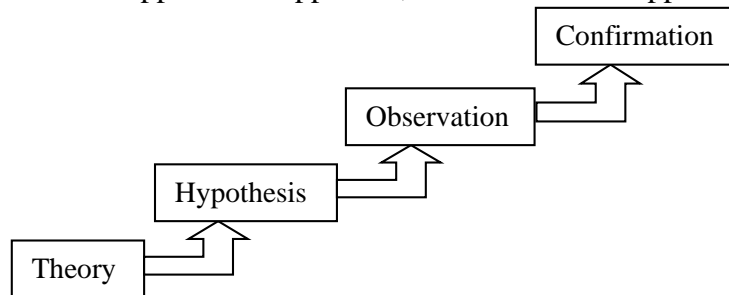


Figure 4.2: Deductive Research Approach (Trochim, 2006)

4.3.1 Theoretical Perspectives of the Research Method

There are two approaches of scientific research – “theory to research” and “research to theory”. The former approach follows deductive reasoning because it derives from general (theory) to conclusion (data) and the latter strategy follows inductive reasoning because it derives from specific conclusion (data) to general (theory) (Reynolds, 1971). The approach to do the research based on the former strategy was that of the deductive approach. This approach is about moving from theories to reality to explain the context. Hence the current study used a “theory to research” approach because of existing theoretical and empirical approaches to study the impact of neoliberalism on housing provision in western countries, developmental states and developing countries contexts. This research has gone through relevant theoretical grounds on interrelation of neoliberal policies and housing markets, neoliberal reforms and changing role of the states in housing provision and the ways that caused housing affordability crisis across the world because of neoliberalism. Analyzing the theoretical premises on neoliberalism and housing provision, hypothesis regarding the causes of housing

affordability crisis of the capital Dhaka were developed. Later based on the insights acquired from the theoretical premises a four step analytical framework was developed to explore and explain the housing provision scenario of Dhaka and the barriers that constrain the market to provide affordable housing. Finally based on the findings of housing scenario of Dhaka, some interventions by the state agencies have been identified with the help of expert opinion that would help the provision of affordable housing by the neoliberal real estate market. The reason for using such approach is as in the first phase, the research is about to explore the theoretical premises on the relations of neoliberalism and housing provision across the World especially in developing countries. The established theory on the relation between neoliberalism and housing affordability crisis helped to develop the hypothesis that the neoliberal economic reforms had created the housing affordability crisis in Dhaka too. Theory of neoliberalism in context of Bangladesh will be looked at through these patterns and we will see whether the change in housing provision has happened because of that. In the second phase the research will assess the existing institutional framework for housing in Dhaka and identify the shortcomings within it that would be responsible for unaffordable housing provision. Afterwards an appropriate institutional environment to make the neoliberal housing market work for MIHs will be identified following the pattern development and tentative hypothesis phases of research.

Research paradigm: A traditional classification of research paradigm relies on a dualistic partition between positivism and anti-positivism or positivism and interpretivism (Weber, 2004; Goldkul, 2012) which differ in terms of ontology (nature of the knowledge), epistemology (way of knowing), and methodology (how do we know). Positivism paradigm believes in absolute reality and thinks that the society shapes individual's behavior while interpretivism thinks that reality is relative and

individuals shape the society. Positivism is very objective from epistemological context and validation of information is very strong while the understanding of the problem is weak in positivist approach. While interpretivism is very subjective in epistemological context; it incorporates active involvement and judgment of the researcher. Validation of the truth is absent here as it does not include any testing or rejecting of hypothesis whereas the understanding of the problem is very strong in interpretivism through researcher's active participation into the problem. To overcome the shortcomings of the abovementioned paradigms or including the positive characteristics of them a third paradigm as a philosophy of science was introduced through a series of books by Roy Bhaskar (1997, 1998) and was named as critical realism. Critical realism is predominantly interested in causative explanations which tries to answer the question 'why?'. The findings of critical realism are far away from the outcome of regression analyses, that shows 'A' causes 'B', and towards an apprehension of why the conditions, aspects, and contexts of 'A' can cause 'B'.

The critical realism believes that the reality which exists can be describe by developing theoretical frameworks. Epistemologically, critical realism aims at explaining relationships between experiences and the perspective "emphasizes questions of how and why a particular phenomenon came into being" (Creswell, 2009).

Considering the abovementioned paradigms, this research relies on the norms of critical realism. The aim and research question of this research indicates that the researcher intends to question the impact of different politico-economic development approaches on urban housing provisions. The researcher's experiences, the appraisal of urban housing in Bangladesh specially in Dhaka and related policy documents, along with the literature review will help to redefine the main question of this research,

which will be the focal point of this study. Hence according to the epistemology of the research, critical realism is the philosophical approach of this research.

Research approach: The research based on deductive reasoning mostly applies quantitative approach for data collection and analysis. However, according to Hyde (2000), both quantitative and qualitative researchers manifest deductive and inductive reasoning but fail to recognise those. The research follows the ‘critical realism’ paradigm which is compatible with the qualitative research approach.

This research is going to adopt the techniques of qualitative research approach. The research focuses on the interpretation of the interrelations between neoliberalism and housing in context; evolution of urban housing practices in Bangladesh; and the institutional framework for enabling the housing market to provide affordable housing.

However, the research will use descriptive statistics to depict the scenario of middle income housing in the study area. However, the major analytical approach will be based on qualitative tools and techniques.

Table 4.1 Theoretical perspective of the Research

Research Strategy	: Deductive
Research Paradigm	: Critical Realism
Research approach	: Qualitative

4.3.2 Research Design

As mentioned in previous sections, this research is based on critical realism paradigm and employs qualitative approach. The research relies on the analytical framework (Figure 4.1) to understand the housing reality in Bangladesh. To accomplish the different steps of the analytical framework, this study requires different type of data,

which have been collected applying different data collection techniques. For data collection, the research employs both an intensive and an extensive research designs. The methods used for data collection and analysis that required by the analytical framework used in the research are presented in Table 4.2.

4.3.2.1 Intensive Research Design

Intensive data collection involves in-depth interviews with housing developers and housing experts as well as intensive realist literature evaluations to understand housing mechanism in Dhaka and contextualize that with reference to neoliberalism.

Intensive Realist Literature Evaluations

As defined in step 1 of analytical framework (Figure 4.1), the theory on the relation between neoliberalism and housing provision has been explained with the help of literatures and based on the theory **the hypothesis ‘the housing affordability crisis of the capital Dhaka is the outcome of neoliberal economic policy adoption’** was develop. To test the hypothesis an intensive realist literatures evaluation has been conducted. The literatures include both published literatures in peer reviewed journals, conferences, and gray materials such as reports, documents and policy papers of government departments. The literatures were reviewed and evaluated to explain the impact of neoliberalism on housing provision in Dhaka to shape the context according to the analytical framework. The literatures and grey materials were analyzed for pattern matching to relate them with the interaction of neoliberalism and housing of Dhaka (Table 4.2).

Table 4.2: Analytical framework and required data collection and analysis methods

Analytical Framework	Data Collection Technique	Collected Information	Data extraction technique
<i>Step 1: Neoliberal Policy adaptation and possible impact in housing sector</i>	Grey Materials	<ul style="list-style-type: none"> Fifth Five Year Plans Poverty Reduction Strategy Paper Dhaka Metropolitan Development Plans Housing Policy 1993, 2017 	Pattern matching patterns are: 1. Structural Adjustment Programs 2. Privatization 3. Neoliberal Urbanism 4. Homeownership 5. Gentrification and displacement 6. Affordability crisis
	Literature Review	<ul style="list-style-type: none"> Evolution of neoliberalism in Bangladesh Impact of neoliberal economic reforms on housing provision 	
	Key Informants Interview	Impact of neoliberal policies on Housing	
<i>Step 2: Analysis of Housing Institutions in Dhaka through the lens of Neoliberalism</i>	Institutional analysis based on interview with <ul style="list-style-type: none"> Key informants Developers Staffs of State Housing Agencies 	<ul style="list-style-type: none"> Institutional reform or reorganization to accommodate neoliberalism State interventions in housing that match or contradict neoliberal philosophy Existing Institutional Structure Institutional efficiency Institutional choice Institutional change 	– Triangulation of information – IAD approach to Institutional Mapping
	Literature Review	Changes of housing institutions over time	
<i>Step 3: Identify the barriers that constrain the Provision of MIH through Neoliberal Real Estate Market</i>	Online Advertisements of apartments for sale and rent in Dhaka	<ul style="list-style-type: none"> Patterns of supply by the market Rental and buying costs of apartments in MI areas 	Descriptive Statistics
	MIHs Survey Report of BIGD	<ul style="list-style-type: none"> Housing Affordability Aspirations Causes of renting 	
	Interview with Land and housing developers	<ul style="list-style-type: none"> Operation of formal Housing market Problems within the market Contradiction with the public institutions Reasons of not providing middle income housing 	Thematic Analysis in NVivo Possible themes are: 1. Neoliberalism and housing 2. Definition of MIHs 3. MIH provision 4. Role of the State 5. Housing policy, 6. Market constraints 7. State Interventions as a. Provider b. Enabler c. Regulator
	Key Informants Interview	<ul style="list-style-type: none"> Performance of the market Performance of public sector housing institutions Opinion regarding neoliberalism as the development philosophy to solve housing problems 	
<i>Step 4: Identify State interventions needed for the provision of Middle Income Housing through market</i>	<ul style="list-style-type: none"> Developers opinion Experts opinion Opinion of the officials of public housing institutions 	<ul style="list-style-type: none"> Expected role of public institutions to help middle income housing provision by the market 	

In-depth Interview

To validate the causal mechanism of existing housing scenario of Dhaka derived from the literature review and to know the constraints responsible for the absence of affordable housing provision by the neoliberal housing market from the interviewees' perspective in depth interviews with resource persons and corporate housing developers have been carried out with semi-structured questionnaires (Appendix 4.1). During the interview the researcher also discussed with the resource persons (housing experts and professionals) and developers regarding the role of the state agencies that are required to ease the supply of affordable housing through the market. In Dhaka, housing is being supplied through formal housing market by real estate developers since 1980s. Interview with pioneer developers, housing experts will assist the researcher to figure out the extent and efficiency of the housing market and the cooperation and conflict the market faces from the relevant state agencies.

Sampling: in depth interviews have been carried out with managing directors of real estate companies and resource persons who are engaged in housing sector of Dhaka with the capacity of academic researcher or consultant of housing programs and projects taken by state agencies. To identify and select the interviewees, purposive sampling method was applied. According to Patton (2015), "The logic and power of purposive sampling lie in selecting information-rich cases for in-depth study. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the inquiry...Studying information-rich cases yields insights and in-depth understanding" (Patton, 2015). Sample size was determined according to the rule of 'saturation' or 'data saturation'. In qualitative research 'data saturation' is a widely accepted rule and it usually refers to reaching a point of informational redundancy where additional data collection contributes little

or nothing new to the study (Gentles, et al., 2015). To select the resource persons who can provide much insights and information regarding housing provision in Dhaka and whose opinion can be accepted as valid due to his/her long term experience, few criteria have been used such as number of research papers for academicians and number of consultancies in public housing programs and projects as for example in preparation of national housing policies, slum rehabilitation programs, five year plans, master plans, detailed area plans, etc. Aligning with the purposive sampling, the author also used snowball sampling techniques for identifying resourceful housing experts. The most renowned housing expert was interviewed first and requested to recommend five housing experts. In the same way each and every interviewee recommended five resource persons who, they think, possess vast knowledge regarding housing provision of Dhaka. In this way 15 different experts were recommended, however, few of them were abroad during the data collection period. Following the rule of saturation, ten resource persons were interviewed by the researcher with the help of semi-structured questionnaire. Altogether **ten** housing experts were interviewed following the data saturation rule. Corporate housing developers were selected using stratified purposive sampling. Real Estate and Housing Association of Bangladesh (REHAB) membership list were used for the sampling where two groups were formed based on year of operation. Developers were divided into ‘old’ (operating in the market since the 1990s) and ‘new’ (who are active in market since 2005 or later) groups to understand the housing market and its constraints from the perspectives of both initiators and new comers. Another criterion for purposeful selection of developers was the number of completed projects because work experiences indicate their understanding about the market. Rule of data saturation was followed here too to determine the sample size for the interview of the developers. However, another logic to keep the total number of

interviewed developers at **ten (five old and five new)** was to get a comparative picture between housing experts and developers from the thematic analysis. Name and affiliation of the housing experts and developers has been given in Appendix 4.2.



Figure 4.3: Sampling for in Depth Interview

Source: Author has developed based on Patton (2015) and Gentles, et al. (2015)

Table 4.3: Six Stages of Thematic Analysis

Stage	Method	Outcome
Stage 1	Go through the data with full concentration to become acquainted with what the data implies with special attention to search for patterns. Repeat as required.	"start codes" and detailed notes.
Stage 2	Create the initial codes by recording where and how patterns happen. This occurs through data reduction where the researcher breakdowns data into labels to create groupings for advance analysis. Data complication is also done in this stage. The researcher makes interpretations about the codes' meaning.	Complete codes that tell how data answers research question.
Stage 3	Combining codes into all-encompassing themes that precisely portray the data. In themes generating stage, the researcher should be careful about describing accurately what the themes mean, though the theme does not seem to "fit".	List of possible themes for advance analysis.
Stage 4	Here the researcher observes how well the themes match the data with the theoretical standpoint. If the analysis looks incomplete, the researcher needs to repeat the process and identify what is missing.	Logical recognition of how themes form patterns to convey a perfect story about the data.
Stage 5	At this stage the themes are being redefined with focus on what each theme expresses, characteristics of data that are being captured, and on interesting features of the themes.	A complete exploration about the contribution of the themes in understanding the data.
Stage 6	During the report writing, researcher should identify the themes that make significant contributions to understand the data. Here the "member checking" is also done where the researchers check with the available samples to assess the accuracy of the thematic analysis.	Comprehensive description and assessment the results.

Source: Adapted from Barun and Clarke (2006)

Interviews: Interview guides were developed with quite specific topics related to neoliberalism in Bangladesh and its effects on housing provision in Dhaka for the housing experts and related to existing market situation including constraints and prevailing and expected enabling role of the state for the corporate housing developers. However, we kept the interview process flexible so as to ask further questions in response to important replies from the research participants. The average duration of an in depth interview was more than one hour. The researcher used both note taking and audio recording as data collection tools during the interviews because using those tools can establish greater reliability, and acquiescence in interpretation (Denzin and Lincoln, 2005).

Thematic Analysis: Thematic analysis is the procedure to identify the patterns or themes within qualitative data. Thematic analysis in this research has been done in NVivo, a qualitative data storing and analysis software. From the beginning of this research, NVivo was used to store and organize the collected information from the housing experts and developers. Typically, software like NVivo has provided the opportunity to store textual documents in reference to a coding system by tagging or indexing parts of those documents (Gregorio and Davidson, 2008). Along with many researchers such as Maxwell (2009), Miles and Huberman (1994), and Saldana (2011), the author also recognize that it is impossible to separate the data gathering and data analysis steps in qualitative investigation; therefore, the data was collected and analyzed simultaneously. During the data analysis, the author has undertaken the translation and transcription by herself because the real value of doing own transcription is building intimate knowledge of the data (Bazeley, 2013). The use of NVivo software has provided with the opportunity to link the audio data with the transcripts. In this way, the contextual information has been kept embedded in each

transcribed document. Though coding was done using NVivo, the six steps of thematic analysis developed by Braun and Clarke (2006) has been followed for analyzing the collected qualitative data in this research (Table 4.3).

The total process of thematic analysis has been done in NVivo 12. In the software the theme is generated by the analyst, however the process become easy and efficient due to scope of organize and reorganize data and codes more easily and efficiently. NVivo 12 can analyze and make some output showing the comparative picture of different codes and ‘files’ or ‘items’ (transcripts of the interviews). Few types of outputs which have been used in the analysis chapters of this thesis are described here for understanding.



Figure 4.4: Hierarchy of codes generated in NVivo12

In Figure 4.4, the output generated in NVivo 12 shows the hierarchy of codes and sub-codes under a theme. Here the theme is ‘state interventions’. There are several codes and sub-codes under this theme. NVivo 12 generates this hierarchical figure of codes based on items coded or number of coding references. Based on Items coded means the hierarchy identified by calculating the number of items that contributed to each code. The area and color of boxes represent the hierarchy. Here the largest box is under

the code ‘logistic support’ which includes its sub-codes in the form of other smaller boxes like ‘contextual solution’, ‘coordination’, etc. The largest box ‘logistic support’ indicates that the highest number of interviewees talked about ‘logistic support’. When hierarchy is done by calculating the number of coding references then the largest box or darkest shade box indicate the code that came most frequently during the interviews. The coding tables generated by NVivo 12 show the list of codes and sub-codes. Coding tables also include another column named ‘sources’ which indicate the number of interviewees who talked about the respective codes and the column named reference of items as well as number of ‘references’ which indicate the frequencies of raising the issue related to the respective codes during the interviews (Table 4.4). Another output used in this report is shown in Figure 4.5. Here the output shows the child codes of the code selected by the analyst. This output is useful to make the visual representation of the concerning issues obtained from the interviews.

Table 4.4: Exploration of codes from the interview data during thematic analysis

Name of the Codes	Sources	References
Housing Policy	9	32
Market constraints in provision of MIH	9	44
costly construction material	1	2
Housing Finance	6	6
Land	8	14
other costs	1	2
Role of State Agencies	6	20
Market Performance	8	38
Crony Capitalism	4	18
Housing finance	3	3
Lack of professionalism	3	4
Legal framework and market monitoring	2	3
only for high HIHs	2	5
Services or utilities	3	3
Middle Income Households	7	16
MIH provision	7	27
Neo-liberal housing philosophy and current state initiatives	10	57
State Initiatives	10	111
Pitfalls in state initiatives	4	9
Steps to take	10	101

Source: Author, generated in NVivo, 2019

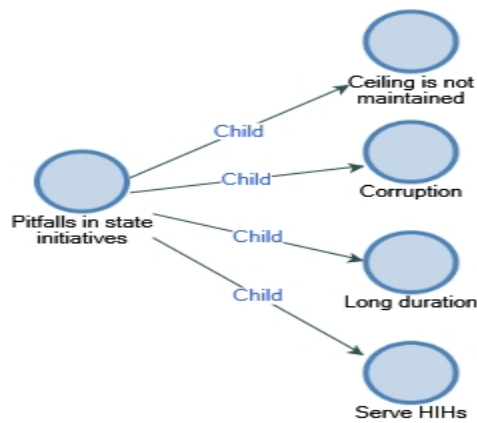


Figure 4.5: Link between code and sub-codes generated in NVivo 12.

NVivo 12 also can do some comparative presentations very quickly. If we want to see a comparative picture between two or more codes, it will generate the output which will show the interviewees who have contributed to single code or both codes. Here a relation of burning issues can be delineated from this output. In Figure 4.6 only one type of developers (new developers) has raised the issues and two of them raised the both issues. So, it can be realized that both issues are mutually inclusive in nature and concerns of only the specific group of interviewees.

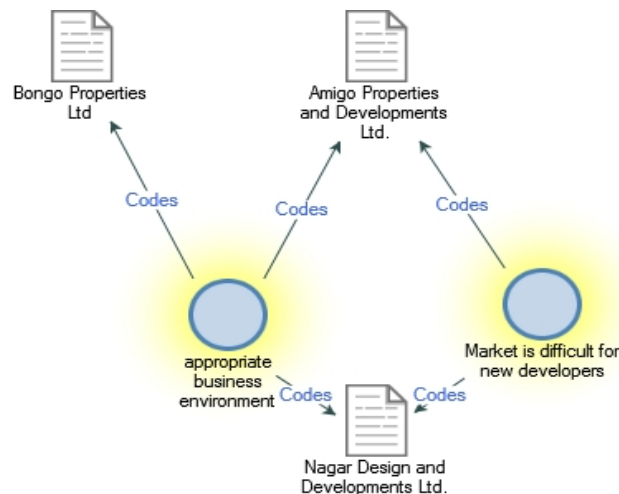


Figure 4.6: Comparison of codes according to items generated in NVivo 12.

4.3.2.2 Extensive Research Design

The intensive research methods are supplemented by an extensive research design which includes institutional analysis to explore how the housing process interacts with different context over time and the conditions for such interactions.

Institutional Analysis

According to Step 2 of the analytical framework (Figure 4.1), housing institutions that have been existed historically and given the current shape of housing provision in context of Dhaka have been tried to identify and analyze. In this way the housing mechanism that exists in Dhaka has been contextualized over time and with the change of political economic situation. The institutional arrangement for housing provision in Dhaka has been analyzed through the lens of neoliberalism. Relevant literatures, grey materials are the source of information to understand the institutional arrangements and also institutional changes resulted by neoliberal reforms. Key personnel from the state agencies directly or indirectly involved in the provision of housing in Dhaka like the Capital Development Authority (RAJUK), National Housing Authority, Bangladesh House Building Finance Corporation (BHBFC) and Housing and Building Research Institute (HBRI) were interviewed to get insights regarding the institutional arrangements for housing in the capital Dhaka. The views of housing developers as well as of housing experts retrieved from in depth interviews have also been used to validate the information and to acquire thorough understanding of the changes in institutional arrangements for housing provision in Dhaka with politico-economic paradigm shifts since the liberation.

Surveys

Because of the availability of reliable sources of information that would otherwise be collected through direct field survey, the research could avoid extensive data collection procedures like household survey. To illustrate the empirical consequences or conditions of housing mechanism resulted by the adoption of neoliberal policies, the existing pattern of housing provision by the neoliberal market was accumulated and analyzed from the online advertisements of apartments for sale and rent by the

most popular and largest real estate agent in Dhaka named Bproperty. The share of apartments of different size ranges were retrieved from the advertisements of apartments which are up for sale in the market. This data will give a picture to depict the focus of the market in provision of housing. As the research focuses the impact of neoliberalism on housing interests of Middle Income Households (MIHs), the monthly housing costs, in some locations which are well accepted as middle income residential areas, both in case of renting and buying an apartment were also known from the advertisements of apartments for sale and rent from the website of Bproperty.

The empirical evidence of housing affordability crisis of MIHs was well documented in a survey report prepared by BRAC Institute of Governance Development (BIGD), a research center of BRAC University of Bangladesh. The study carried out a household survey in four residential areas named Malibagh, Badda, Mirpur, Old Dhaka and which are usually acknowledged as middle and lower middle income areas. The survey collected information regarding the adequacy of housing and renting and buying affordability of the respondents. The survey was conducted in the year 2017. The report has scientifically presented the inadequacy of housing of MIHs in Dhaka as well as the housing affordability crisis of this group. The data presented in the report has been used by this research as the proxy of required data that would be collected otherwise from the survey of MIHs in Dhaka.

4.4 Limitations of the Methodology

The most prominent limitation of the methodology of this research is the lack of secondary information or statistics. The research has tried to analyze the housing provision through neoliberal real estate market for the MIHs. However, the research found it difficult to get a widely accepted definition of MIH based on income in the

context of Dhaka which was necessary to understand the suitability of supplied housing for the MIHs from affordability and quality perspectives. The average per capita income of Dhaka is remarkably higher than the national per capita income or that of any other metropolies. So national definition of MIH based on monthly income given by Bangladesh Bureau of Statistics (BBS) is not applicable for Dhaka. To overcome this limitation, the research has fixed a topic in the interview guideline for all groups of interviewees. The topic was the definition of MIH. The interviewees defined MIH in context of Dhaka based on their experiences and perceptions. Some of them defined MIH according to monthly income, while some others defined based on monthly housing expenses of a household or even considering the floor space of rental unit a household is occupying. Summing up all the definitions, the researcher finally has developed a definition of MIH which has been considered in this research.

Absence of real estate statistics was another limitation of the methodology. Because of the lacking of statistics on quarterly supply, vacancy, price and floor spaces of apartments, the performance of the market could not be explored and explained by descriptive statistics in this research. To overcome this limitation, the researcher has used online advertisements of apartments where price and floor space of apartments were available, however, that is not a whole picture of the supply, moreover vacancy rate of apartments could not be acquired which is a vital indication of the performance of the market. In this situation, the performance of the market was attempted to be explained through the interview with the developers and housing experts but could not be validated properly with descriptive statistics.

Chapter 5

NEOLIBERALISM AND HOUSING PROVISION IN DHAKA

5.1 Introduction

Chapter three has described the relations between neoliberalism and the provision of housing with reference to western countries, East Asian developmental states and to the cities in developing countries. It was found that the impact of neoliberalism is path dependent. Political and economic ideology prevailing in any country determines the impacts of neoliberalism in different economic sectors as well as on housing sector policies and initiatives. In the light of the findings from the literatures described in Chapter 3, this chapter has aimed at explaining the political economy of public policies in general and in specific to housing provision in Dhaka under different political paradigms since the liberation of the country in 1971. The effects of neoliberalism on housing provision of Dhaka will be discussed under three broad aspects derived from the literatures. The aspects are: Homeownership based approach; “unlocking land values and new geographies of the city” (gentrification); and housing affordability crisis (Figure 3.1).

In this chapter, the adaptation of neoliberal politico economic policies in Bangladesh context and the impact of those policies on the capital city Dhaka in general and specific to housing provision have been extracted from secondary and grey materials, which have been analyzed and validated by key personnel interviews.

5.2 Evolution of Neoliberalism in Bangladesh

This section describes how neoliberalism has been introduced and evolved in Bangladesh and changed the politico environment which has affected the housing

provision of Dhaka too. However, the impact of these political economic changes on housing have been discussed under Section 5.4 of this chapter and in Chapter 6.

Bangladesh, liberated from Pakistan in 1971, has gone through several paradigm shifts some of which are originated locally while some were imposed by international organizations. The paradigm shifts and their policy implications in the politico-economic perspectives of Bangladesh are explained in the following sections.

5.2.1 Failed Experiment of Socialism and the Rise of Nouveau Rich Class (1972-1975)

The first ever government of Bangladesh had to deal with major macro-economic issues that appeared just after the War of Liberation in 1971. The most significant issues were the deficits in “food, fiscal and balance of payments”. There were micro-economic issues too like “low per capita income, low savings, low investment, and low productivity”, which were considered as the components of vicious poverty circles (Bhattacharya, 2004). In response to such economic settings, the government adopted populist approach which were in line with its 1970 election promises of establishing a socialist economy (Khan, 2002). Therefore, between 1972-1975, the government followed a development strategy which confirmed state interventions and controls in all sectors of the economy. Ninety-two per cent of industrial properties were nationalized by 1975 (Khan, 2013). However, most of the public sector companies were proven inefficient and only served as the means of employing the patrons of the regime and assisted political accumulation. The private sector economic organizations were absent in large-scale industry, and involved only in trading and public infrastructure construction on contract basis. Private firms with political connections were attracted by such businesses because of the attractive terms and the lack of monitoring the output. As the result money was accumulated in new hands very

significantly and rapidly.

Though socialist economy was promised by the government, there was lack of sincere effort to prepare the state, the citizens and the institutions for evolution towards socialism (Hasnath, 1987). In reality, the issue was very difficult to solve because it required the transformation of a society with mostly “pre-capitalist, quasi-colonial, semi-feudal” production relations into a socialist society, circumventing the transitional stage of “capitalist development” (Bhaduri, 1973).

5.2.2 The End of Socialism (1975-1979)

After the assassination of the then President and the Father of the Nation Bangabandhu Sheikh Mujibur Rahman in 1975, Martial law was declared and eventually after some turmoil the Army Chief became the president and reinstated multiparty politics. The president endeavored to overcome legality crisis and lack of “popular political” support by introducing democratic measures including both political and economic programs. The new regime tried to satisfy the western powers by promoting market based economic development which required the abandonment of the state-led approach of previous regime (Quadir, 2000). Such transformation of development approach earned the trust and support of western powers by being a nonsocialist state and in due course set the platform for the following governments to adopt the policy reform packages of the World Bank and IMF.

5.2.3 Inception of Neoliberalism through Structural Adjustment Programs (since 1980)

Bangladesh is one of the nations in South Asia that pioneered the acceptance of the Structural Adjustment Programs as early as in the 1980s. The beginning of the 1980s was characterized by credit unavailability of the development financing institutions (DFIs), deterioration of external aid climate and apathy in domestic resource

deployment. Severe macroeconomic imbalances were resulted from these adverse factors. To combat the adverse economic situation, New Industrial Policy (NIP) was adopted in 1982 and structural adjustment were introduced by the government according to the guidelines of the WB and IMF. Structural adjustments were introduced in Bangladesh by IMF in December of 1980 through Extended Fund Facilities (EFF). Another loan agreement was contracted for the period 1986-87 to 1988-1989 where the conditionality was in the name of Structural Adjustment Facilities (SAF). It was followed by another three-year loan covering the period 1990-1991 to 1992-93, and it was under the enhanced structural adjustment facility of IMF.

The implementation of the SAP initiated massive privatization through government's disinvestments program. Disinvestments board was formed to guide the program as well as the development of the private sector was supported through economic and financial deregulation and the direction to Development Financial Institutions (DFIs) to offer financial provision to private entrepreneurs (Quadir, 2000). The selling of most of the state owned enterprises businessmen was not transparent enough where 'give-away' prices were used and subsidized credits were provided to the buyers from public fund. Consequently, a "symbiotic relationship" developed between the state and the business which became apparent in the Election of 1979 where 28 per cent of the MPs from the ruling party were identified as the member of dominant professional group. Furthermore, the selection of four businessmen as ministers and occupation of 33.5 per cent confirmed that the large business families were sharing state power (Quadir, 2000). As a result, though the SAP policy packages strongly believed that rapid disinvestment would eventually boost the overall production of the disinvested units, in reality, the production performance of disinvested units has not been found to be encouraging. Researches on denationalization found that, disinvested enterprises

do not have a satisfying performance record when compared with nationalized units of similar nature (Sobhan 1991). Consequently, about 40,650 jobs in the jute industry alone had been lost and a reduction of about a third of the previous wage level was experienced by the labor because of privatization (Aminuzzaman, 1994).

After the removal of autocratic regime (1982-1990), the government elected by majority vote started its journey with the articulated commitment to carry out the reform programs, prescribed by the World Bank and IMF. The Fourth Five Year Plan (1991-1995) was totally in line with the loan conditionalities mentioned in the Extended Structural Adjustment Facility (ESAF) (Bhattacharya, 2004).

As a result, due to the donors' pressure, the country during this period experienced a rapid speed in the implementation of reforms measures for "trade liberalization, privatization, sectoral performance and efficiency improvement, export promotion, growth in FDI, domestic resource mobilization" etc. Accordingly, the 1991 Industrial Policy aimed at substantial privatization, the removal of the subsidy in the jute sector, and at diversifying the country's export base. The "symbiotic relationship" between the state and business was more prominently revealed in the National Parliamentary Elections of 1991. Among the elected MPs of ruling party, 94 were from industrial and business background. The situation was also same for the major opposition parties where 33 per cent of the candidates were businessmen and industrialists (Quadir, 2000). As a result, political parties of the country are now relying more on members' power of money for winning elections and coming to power which prevents the government in taking decision independently.

Whichever political party formed the government of Bangladesh afterwards all embraced the commitment to a free market economy, liberalization as well as

privatization which were in consistent with the international agencies' development strategy prescribed for Bangladesh. However, against the background of the sluggish progress in implementing the reform measures, eventually the issue of governance became the concern of the donors which has been reflected in the Fifth Five Year Plan (1997-2002). Along with economic and financial reform strategies, the plan also was targeted at alleviating poverty, developing human capital, improving literacy, achieving self-sufficiency in food production, and above all, at ensuring good governance.

5.2.4 Alternative Development Approach (SAPs replaced by PRSPs in 2001)

According to Harvey (2005), the widening gap between “rhetoric (for the benefit of all)” and “realization (for the benefit of a small ruling class)” of neoliberalism has resulted oppositional movements around the world. On the one hand there were movements against labor exploitation and on the other hand, there were movements against accumulation by dispossession. Such movements were against the displacement of peasant populations from the land, against the ruthless withdrawal of the state from all the social obligations, against the activities detrimental to histories, cultures and specially to environments; and against the seizing inflations and deflations created by the modern form of financial capital in association with the state.

Many of these diverse protests came together at the World Social Forum formed in 2001 to form an organizational power to confront the variant practices of neoliberalism. The main target of the World Social Forum is to challenge the solutions to world economic problems recommended by the World Economic Forum. Such oppositional movements and the global recession instigated the formation of some global socio-economic objectives by the United Nations known as Millennium

Development Goals for the year 2015 which aimed at radical alleviation of poverty, and addressing some social equity issues. The sustainable Development Goals for the year 2031 replaced MDGs in 2016. If we look at the targets of both MDGs and SDGs and the claimed consequences of neoliberalism by the oppositional movements, it seems that the goals have been set to correct those. As for example the target is to reduce the inequalities, which has been accentuated through accumulation by dispossession, by increasing social protections for disadvantaged populations. Another target is to attain environmental sustainability which is at threat due to practices of neoliberal economic activities.

The continuous oppositional movements against neoliberal projects helped the emergence of civil society and NGOs as development partners and negotiators in Low to Middle Income Countries. The escalating ability and reputation of NGOs and civil society as development partners significantly influenced the change in the development approach of Bangladesh since 1995 (Haque, 2004). Another important change with the influence of external agencies was the replacement of the national development plan (Five Year Plan) by Poverty Reduction Strategy Paper (PRSP) since 2001. The good governance reform measures mentioned in PRSP clearly indicate the presence of development approaches in Bangladesh.

Though there was a deviation from the Five Year Plan (period of plan holiday) during FY2003 to FY2010 to a practice of shorter term Poverty Reduction Strategy Paper (PRSP), the present Government decided to switch back to the Five Year Plan system since 2010-11. Strategies of concurrent plans emphasized the issues related to poverty reduction, gender equality, health, education, food security, trade liberalization, FDI, industrial development, infrastructure and energy sufficiency, urban challenges and

environmental sustainability (Planning Commission, 2012).

5.3 Neoliberal Dhaka: A Mega City Resulted from Uneven Geographical Development

One of the themes of neoliberalism that Harvey (2005) explores, as a human geographer, is the phenomenon of “uneven spatial development”. In China, Harvey’s fourth case in his book ‘A Short History of Neoliberalism’, we see the rapid spreading out of a neoliberalism. In early 1980s, during the economic reforms carried out by Deng Xiaoping, markets in China were considerably liberalized, economic elites were reformed nearly overnight, and extreme inequalities between regions were resulted too. Coastal urban areas became the epicenters of economic growth and power with the concentration of industries and finances. But in contrast, the agrarian hinterlands started to sink in poverty and the surplus labor migrated to those coastal metro regions. According to Harvey (2005), this reality of China is being emulated throughout the globe. The results of such uneven geographical/spatial development were identified as the economic and social inequalities which increases the marginalization of large segments of national populations and concentrates the capital within certain regions and among certain groups.

In case of Bangladesh, the one and only epicenter of economic power and activity is the capital Dhaka. As mentioned in Section 5.2, due to the symbiotic relationship between business and government, capital is accumulated mostly in Dhaka by a minority of population. The following sub-sections describes how the capital city Dhaka has turned into a mega city within a short period of time as a result of uneven concentration of neoliberal industries and finance due to lack of decentralization efforts.

5.3.1 Neoliberal Industrialization (Garments): Dhaka Based Development

Along with the success of free market policies, the non-unionized and unprotected labor force has been considered too as the cause of the growth of the ready-made garments industry in Bangladesh. The external loan for this industry was created by the Multi-Fibre Arrangement (MFA) administered by the General Agreement on Tariffs and Trade (GATT). To protect the US garments industry, MFA set consensually negotiated quotas on exporting garments products by recognized developing countries. However, based on global opinion, the MFA did not set quotas for few least developed countries as they were not considered as threat to the USA. Bangladesh, without any garments factory at that time, was included in that list of quota-free countries (Goto 1989). The MFA imposed quota caused a severe problem for well-established garments producers in developing countries. So, they were strongly motivated to relocate production to countries without quotas so that at least their full production could be marketed.

In Bangladesh, by the late 1970s, many prospective investors were created through primitive accumulation who were able to invest in garments industry where, to achieve the economies of scale in production, the minimum efficient scale of investment was not more than hundreds of thousands or even low millions of dollars. The first ever garments factory, Desh Garments was set up in 1979 by an entrepreneur who was previously a retired civil servant. Through a collaboration with South Korean company Daewoo, he initiated the technology transfer for garments industry in Bangladesh. Desh Garments was extraordinarily successful and its export value grew at an average rate of 90 per cent annually between 1981 and 1987 (Rahman 2004). By the end of the 1980s, 115 employees of Desh, who were trained by Daewoo in South Korea, set up their own garment factories (Khan, 2013). By the year 2005, there were about 3,500

factories in this industry employing more than 2 million people (World Bank, 2005). Primitive accumulation continued to be an important source of entrepreneurial supply. According to a survey done in 1993, twenty-three per cent of garment factory owners originally were civil servants or in the army. It can be assumed that there could be many other who made initial capital through political processes using their “close contacts with politics” (Rahman, 2004).

The ‘open door policy’ and private sector friendly laws instigated the growth and development of export-oriented garment industry in Bangladesh. Due to its long-term regional primacy, Dhaka, having already developed infrastructure and logistic support, became the main site of this progress. Dhaka alone account for 80% of the garments industries. The textile and garment sector accounts for 70 to 75 per cent of Bangladesh’s total exports and employs about 3.5 million workers, 2 million of which work in factories based in Dhaka (Siddique, 2014).

5.3.2 Imbalanced Budget Share of Dhaka

Bangladeshi expatriates are investing in land, apartment buildings and for establishing firms. Foreign exchange as the source of capital has caused a construction boom directed by both international and local builders and developers. However, the inflow of capital of expatriates as well as of diplomatic institutions and foreign organizations only exacerbates the state’s practice of centralizing public efforts in Dhaka. Since the mid-1980s, buildings both administrative and residential, shopping centers, cultural and financial institutions, and cinemas were built at an incredible pace with primary benefits for the construction and, when buildings start functioning, for the tertiary sectors. The necessary decentralization programs failed, and the already existing divergence between Dhaka and secondary cities was further intensified (Bertuzzo

2014). Though, according to the holy constitution, the state has the responsibility to reduce the difference between Rural and Urban areas and to reduce the regional disparities, it has never been reflected in spatial allocation of national budget. Analysis of Budget from fiscal year 2006/07 to 2008/09 and 2013/14 to 2016/17 (regional allocation was indicated only in these fiscal years, otherwise the annual budget only provides sectoral allocations) reveals that, the share of Dhaka Division in budgetary allocation is the highest (36.73%) (Figure 5.1).

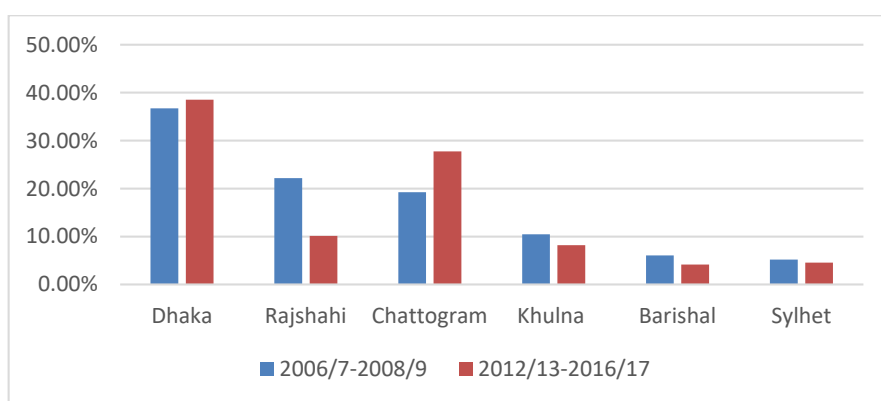


Figure 5.1: Share of aggregate budget by administrative divisions² of Bangladesh

Source: Calculated by the author from National Budgets of FY 2006/7 to FY 2008/9, and FY 2012/13 to 2016/17

5.3.3 Privatization in Service Sectors: Dhaka Based Initiation and Growth

Due to the privatization, which is considered as the crucial measure of neoliberal policy agenda, there has been a rapid growth and expansion of private universities in Bangladesh since the 1990s (Kabir, 2010). Just after three months of the declaration of the Private University Act 1992, the first private university was approved by the government (Ahmad, 2004). During the tenures of the Bangladesh National Party government since 1991 to 1996 and since 2001 to 2006, fifty more private universities got approval. Only four private universities were approved during the tenure of the

² Rangpur and Mymenshigh divisions are not shown here because they were not formed during 2006/7 to 2008/9 Financial Years.

Awami League government (1996 to 2001). However, during their second tenure since 2009, in a single year (2012), eight private universities were added (Kabir, 2012). A total of 200,939 students were studying in several disciplines in 51 private universities in 2009 (UGC, 2010). Along with students, these private universities also have created huge numbers of job opportunities which must have acted as one of the key factors to make Dhaka as the prime destination of internal migrants.

As mentioned in Section 5.2.1, the newly formed government of independent Bangladesh adopted pro-public sector policies which did not support private sector development; rather the provision of public health care was emphasized in First Five Year Plan (1973-78). The growth of the private sector started since late 70s under the SAPs prescribed by International Financial Institutions, which emphasized the role of private sector development in economic growth. In health sector, a scheme was taken to provide loans at subsidized interest rate to the entrepreneurs for establishing private nursing homes clinics, and hospitals (Rahman, 2007). During the 1980s, the state upheld the development of the private sector further. The legal approvals of private health care facilities were given through the Medical Practice and Private Clinics and Laboratory Ordinance of 1982. Throughout the 1990s, more policies were formulated to relax the restrictions on the growth of the private health care sector. Such policies were detailed in the Fourth Five Year Plan (1990-1995) which clearly declared that the private sector would be unrestricted to establish services which the government had failed to provide. The public-private mix in service provision was recommended to enhance the competitiveness. In the 2004-2005 fiscal year, a rebate on the cost of land and equipment was announced for private health care providers for which a subsidy of BDT 1,000 million was sanctioned. In the same fiscal year, the customs duties on medical and hospital equipment were reduced and taxes and duties on life

support systems in hospitals were abolished (Rahman, 2007). Due to such pro privatization policies, private clinics, hospitals, diagnostic centers mushroomed in Bangladesh; most of which are centered in the only prime epicenter of economic growth and activities of the country, the capital Dhaka.

By the year 1996, there were 346 private hospitals and clinics with around 5500 beds registered with the Directorate of Hospitals and Clinics. About half of these hospitals and clinics were located in Dhaka alone. While in 2003, 35 per cent of total (724) licensed private hospitals and clinics were in the capital Dhaka (Hye, 2003). The contrast of Dhaka with other major cities of country can be realized by the fact that the population per bed is 4174 in secondary and other tertiary care hospitals in Dhaka division while in Chattogram and Khulna Divisions the figure is 8054 and 7300 respectively. Population per bed in medical college hospital in Dhaka Chattogram and Khulna Divisions are 9091, 19842, and 33069 respectively. The operations of the lower category private clinics of Bangladesh are targeted at profit making without providing quality services. In contrast, the international standard Hospitals like, Lab Aid, Apollo Hospital, Square Hospital, or United Hospital started their operations relying on the marketing concept that try to ensure higher customer service (though in premium price) so that they can get profit through customer satisfaction. Such international standard large scale private hospitals are only present in Dhaka city. Hence the neoliberal policy reforms in health sector made Dhaka the center of health services both in terms of quantity and quality. Hence privatization of services contributed to make Dhaka the only destination of most of the internal migrants both for employment opportunities and for getting better services.

5.3.4 Internal Migration to the Capital Dhaka

Neoliberal effects in every sector contributed to the migration figure to the capital Dhaka from both other cities and villages. This migration happened to snatch the job opportunities as well as to avail the better education and health services. Consequently, the capital Dhaka had seen its highest population and physical growth rates during the period from 1981 to 1991 when its population increased by 100 per cent (Helal and Hossain, 2013).

Provision of services and facilities and increase of city population in Dhaka have been acting complementary to each other over the years. Different scale economies relative to per-capita demand generate different sized market areas required for different service providers (O'Sullivan, 2012). As for example, until very recently there was no cardiac treatment which requires surgery available in any city of Bangladesh other than the capital Dhaka. Because of the large population size and the geographical centrality, Dhaka could provide the required economies of scale for the services whose per capita demand is comparatively very low. On the one hand, large population size influenced the provision of variety of services that are not available in any other cities; availability of services attracted other city dwellers to migrate to the capital. Only 16.4 per cent of Dhaka's population are residents by birth that means the remaining 83.6 per cent are migrants (BBS, 2011). Due to the migration, which is a direct consequence of uneven geographical development, the population of Dhaka grew from 3.5 to 10.7 million within two decades since neoliberal paradigm shift in 1981 (through SAPs) and now after five decades it has become around 21.7 million (World Population Prospects 2019, United Nations).

Table 5.1: Divisional shares of national population (1991-2011)

Division	Population (Million)			Per cent			Change 1991- 2011
	1991	2001	2011	1991	2002	2011	
Dhaka	32.7	39.0	47.4	30.7	31.4	32.9	2.2
Chattogram	20.5	24.3	28.4	19.3	19.5	19.7	0.4
Rajshahi	14.2	16.4	18.5	13.4	13.2	12.8	-0.5
Rangpur	12.0	13.8	15.8	11.3	11.1	11.0	-0.3
Khulna	12.7	14.7	15.7	11.9	11.8	10.9	-1.0
Sylhet	6.8	7.9	9.9	6.4	6.4	6.9	0.5
Barishal	7.5	8.2	8.3	7.0	6.6	5.8	-1.2

Source: BBS, 2012

The share of divisional population of Dhaka indicates the concentration of development efforts in the capital over the years. The share of population of Dhaka has changed by 2.2 percent during 1991 to 2011. The figures are negative for all other divisions except Dhaka because of the internal migrations from all other divisions to the capital Dhaka. However, the rate of population change of the mega city Dhaka is severely higher than that of the Dhaka division (UNFPA, 2016). While the current population of metro Dhaka is around 21 million, only around 5 million of population reside in Chattogram, the second ranked city of Bangladesh (World Population Prospects 2019, United Nations)

The Figure 5.2 shows the volumes of life-time in-migration into the Dhaka Metropolitan Region (DMR) from all other districts of Bangladesh. Of all migration reported, 59 per cent was towards the DMR (BBS, 2011). Dhaka, being the centrally located capital city and having most amenities, attracts migrants from all over the country. Surprisingly, despite the presence of only small residual rural areas in DMA, 41.4 per cent of the total migration to DMA was recorded as ‘rural to rural’ migration. The explanation of this strange fact is that during the last two to three decades, the growth rate of the population of rural areas of DMA (rural areas of Dhaka, Gazipur

and Narayanganj districts) was very rapid (7 to 16 percent per annum). The population density of these rural areas is yet more than that of many secondary towns. Most of the residents (migrants and natives) of these “rural” areas usually commute to nearby or distant urban areas within the DMA. The conversion of these rural areas to urban fringe and then to fully urban settlements is very rapid too (UNFPA, 2016).

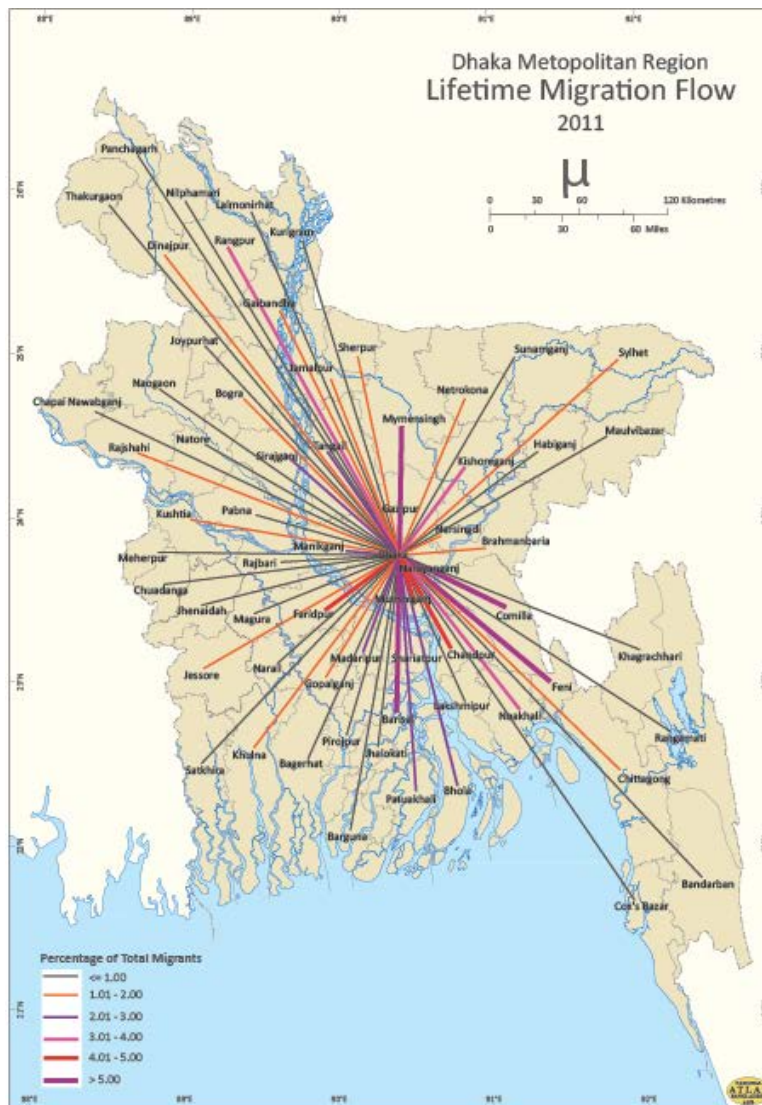


Figure 5.2: Life-time migration flow to Dhaka Metropolitan Region
Source: Islam, 2017

5.3.5 Transformation of Dhaka: Emergence of the Neoliberal Real Estate Market

The previous sections describe the causes and outcome of extreme migration to Dhaka. The neoliberal economic reforms and the transformation of Dhaka into a Megacity has resulted the emergence of neoliberal real estate market here. Migration affects the

housing prices directly by increasing demand in real estate market. the Influx of migrated population creates mismatch between demand and supply in housing market as the supply of urban housing is inelastic on short term basis (Rubin and Felsenstein, 2017). Population migration affects the real-estate industry indirectly by affecting the level of economic development and the level of urbanization. The accumulated wealth of urban economic growth increases the investment in real estate and bring luxury in supply with higher prices. The increased income level would influence the potential demand to become the effective demand which ultimately would increase the house prices (Lin, et al., 2018). All these consequent issues are true for Dhaka City, however, the increasing average income and purchasing power of its citizen has always been accompanied by income inequalities too. Due to income inequalities, a group of high income households has emerged whose purchasing power is unlimited while middle and low income households are losing their purchasing power with time because of changed level of living costs (*The Daily Star*, May, 2018). Hence the potential rigid demand of the majority of Dhaka's population is being obstructed on the way of transforming into actual effective demand. It is apparent from the discussion in Chapter Two that the formal housing market is catering the high income segment of population only. There might be constraints or issues to be unmotivated which restrain the developers to expand their market beyond the high-income segment. Therefore, both the demand and supply side constraints have resulted in a HIG targeted property market that does not cater the demand of MIHs (Figure 5.3).

The outcome of neoliberal reforms in housing sector as well as the emergence of neoliberal real estate market that currently caters only the high income segment of population has been discussed in following Section 5.4. While, the issues that constrain the market to offer a broad range of housing supply that suits majority of the

households of Dhaka city, are identified and analyzed in Chapter 7.

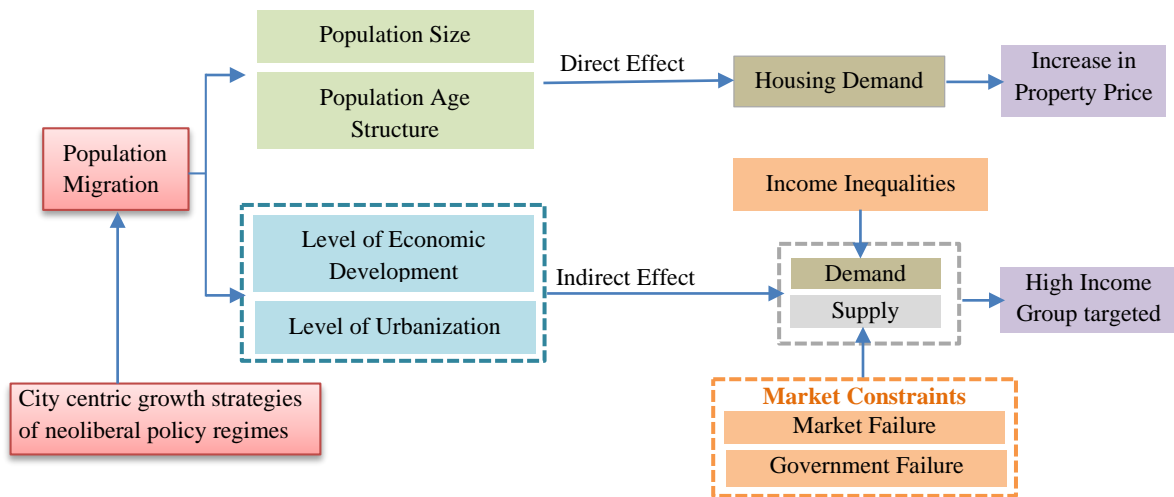


Figure 5.3: Effects of neoliberal economic reforms on the housing provision of Dhaka

Source: Adapted in the context of Dhaka from Lin et al. (2018).

5.4 Impact of Neoliberal Policies on Housing Provision in Dhaka

Previous sections describe the way how the capital of Bangladesh has become today's mega city with consolidated global and local investments induced by neoliberalism and globalization. This section describes the impacts of neoliberal restructuring on the housing provision of Dhaka based on the analytical framework described in chapter four (Figure 4.1).

5.4.1 Homeownership Targeted Housing Policy: Opposite Implications

Though the majority of citizens in the developing world live in rental accommodation, very few governments have formulated any kind of policy to help develop or regulate this form of housing. Surprisingly, few even try to deny that a strong rental sector should be a fundamental component of an efficient housing system. Instead, being inspired by neoliberal philosophy, most of the states have promoted homeownership in last few decades (UN-HABITAT, 2011).

Under neoliberalism, homeownership-based approach to welfare was encouraged by strategies of making home loans available through financial deregulations; selling out

of public rental housing; removal of rent controls to encourage homeownership, and encouraging private housing market to increase supply of housing (Lee et al, 2003; Dorling, 2014; Hirayama, 2010; Doling & Ronald, 2010; Fulong Wu, 2015; Bourne, 2014; Ronald, et al., 2015; Rolnik, 2013). The neoliberal strategies taken in Bangladesh that match with the mentioned homeownership-based welfare approach and the implications of such strategies are discussed in this section and next two.

Since the decolonization of the British India in 1947 when Dhaka became the provincial capital of the then east Pakistan, public housing activities included the provision of rental housing for government employees, development of residential neighborhood for higher middle and high income people, and rehabilitation projects for refugees from India in the form of core housing or site and services schemes (Burtuzzo, 2014; Rahman, 2012; Ghafur, 2011). All the approaches except the public rental housing, which ensures accommodation for government employees till the time of retirement, were to make individual homeownership more accessible.

An exception to the prevailing housing approaches was the cooperative housing where communal ownership was suggested by the socialist government in the First Five Year Plan (1973-78). However, cooperative housing could not make any significant contribution to ever increasing housing need. By the year 1987, there were 149 small scale housing cooperatives which added only 0.005 per cent of the then housing stock (Islam, 1996). Moreover, cooperative housing could not survive long, as the majority of the policy makers believed in privatization and were interested in individual ownership of property (Rahman, 2012).

With the excuse of the scarcity of public resources, since early 80s, public housing initiatives started to be limited only to land development and provision of infrastructure and services. In public sector, housing provision was only in the form

of assistance for squatters and core houses for certain socio-economic groups where self-financing mechanism was employed. Largely, the intention of the state can be assumed as to create an environment to encourage the private sector to take the responsibility of housing provision as well as the provision of other services. An interesting component in the Third Five Year plan (1985-1990), when SAPs were initiated in Bangladesh, is the selling out of at least a certain amount of the public housing to reduce government responsibility and increase homeownership. The arguments in support of the selling out of public housing included: 1. It would encourage private investment, 2. reduce government maintenance costs, 3. Help recycling of public funds for housing and allowing government to investment in more essential purposes, and 4. develop the existing private housing market by increasing the number of transactions and allowing the housing occupancy rate to give impression about the market scenario. Approximately 12,000 public rental houses which were rented out at subsidized rates were recommended to be sold to individuals during the Third Five Year Plan period (Choguill, 1993).

The first concrete step towards adopting a neo-liberal housing strategy was the preparation of the National Housing Policy (NHP); the draft NHP was completed in 1993, and later amended in 2004. After the adoption of neoliberal housing strategies, *the concept of cooperative housing was abandoned*, public rental housing for government employees was less emphasized³. All the strategies in housing sector were

³ Most of the rental apartments for govt. employees as for example in Motijheel, Azimpur or Baily road Officer's Colonies were developed in provincial capital Dhaka during Pakistan period. Though public rental housing contributed only 8% of total housing need of this group, such initiatives were further deprioritized when the relatively high priority in the First Five Year Plan on Social Sectors and Housing was adjusted downward in favour of the more productive sectors of Agriculture and Industry to ensure economic growth during the 80s. The Second Five Year Plan (1980-1985) mentions that "unjustified construction of staff housing should be stopped given the resource constraints and other pressing needs". And the Fifth Five Year Plan envisions not on rental housing rather on construction of flats for sale on hire-purchase basis for govt. employees. Over time due to lack of proper maintenance most of the old buildings constructed for rental accommodation of govt. staffs have become dilapidated and declared abandoned.

directly or indirectly related to increase the individual ownership of property which goes with the asset based approach to welfare adopted under neoliberalism.

In the backdrop of the sufferings of the renters, the Premises Rent Control Act 1991 was approved to protect the interests of renters in private sector housing. However, the intention behind formulating this act is highly controversial because of the non-existent of its application. Due to the absence of any control, house rents are determined and increased almost every year according to the desires of the owners. In 2015, the High Court issued a writ petition in order to form a seven-member committee to inspect renters' complaints, resolve the clashes between owners and renters and also to adopt different rent ceilings for different areas (*The Daily Star*, July, 2015). The High Court also ordered the police to investigate renters' grievances and made an order to form an authority to monitor and control house rents. It is apparent from the High Court decree that there is no application of the Premise Rent Control Act 1991 to restrain the owners from increasing house rents irrationally (BIGD, 2017). The non-existence of the application of any rent controls indicates the intention of the government to support the intention of the people to earn through homeownership that goes with worldwide neoliberal approaches to encourage homeownership by dismantling rent ceilings.

Under the neoliberal housing strategies, the expansion of housing finance market was continued to be stressed since the late 1980s. The importance of housing finance was realized both from demand and supply context. Availability of home loans can increase the housing demand by improving purchasing power of both the Middle Income and High Income Households. In supply side, availability of construction loans for developers would obviously help increasing the housing supply. The adoption of the Financial Institutions Act 1993 unlocked the entry of private housing

finance companies in the market. Currently, 23 private institutions are in the market which provide housing finance both for individuals and developers (Rahman, 2007). However, the rate of mortgage available here are still not affordable for majority of population which has been discussed in details in Chapter 2.

Bangladesh undertook many reform policies both in economic and financial sectors since it accepted the SAP reform package of IMF. Value-added tax (VAT) was introduced to expand the tax base for increasing government revenue. But, in support of globalization and open market economy, the maximum import tariff rate was reduced from 250 percent to only 45 percent (Sen & Tisdell 2004). Such policy reforms encouraged the emergence of real estate developers to supply luxurious apartments using imported construction materials in the absence of local industries of construction materials.

Private housing market also got momentum due to policy reforms in other economic sectors. Economic success of the entrepreneurs in the RMG and other sectors had created an effective demand for homeownership in Dhaka that has mainly been catered by the private sector real estate developers. According to Mainuddin (2000), there was the need of 20,000 better housing units for the RMG middle and high ranking managers. If other cases of privatization of industrial and service sectors (which have been discussed in Section 5.3.3) are considered then it can be realized easily that the concentration of private sector industries and service providers in Dhaka has increased the effective demand for private housing many-fold (Ghafur, 2011).

The neoliberal policy recommended ownership as the best housing tenure option but targeted at increasing homeownership however it transferred the responsibility of housing provision from public sector to the private market. As a result, the less profit

making lower income housing provision was abandoned by both the state and private developers. Hence, the bottom 60 to 70 percent of urban population who could not access these costly housing provided by the market were the losers and had no other option rather than to accommodate themselves in informal housing or in formal rental accommodations (Songsore et al., 2004). In Bangladesh, to acquire ownership of more than one housing units is a popular way to secure long-term income as a social pension program is still absent in here (Bertuzzo, 2014). Hence the high income group continue to acquire more and more housing units preventing the saturation of high income housing market, while the middle and low income households have left with no option other than rental housing for their accommodation. Over the years, despite the intention of increasing homeownership, significant change has been occurred in the occupancy pattern of housing in Dhaka. During the middle of 1990s, the share of owner occupied houses was 31.9 per cent of total stock (ADB, 2001) whereas within two decades it has reduced to 18.5 per cent by the year of 2011 (BBS, 2011).

Homeownership based welfare approach encourages the appreciation of property prices as a hedge in the face of uncertainty in the absence of social welfare system. In case of Dhaka, appreciation of property prices has made the rich more affluent keeping middle and low income households out of the property market.

5.4.2 Gentrification: New Geography of Dhaka and Deprived MIHs

Globalization and neoliberalism have given much more importance on the roles of the cities in economic development than even before. During the period of neoliberal urban transformation to make cities attractive for foreign investment, the regeneration in cities justified for beautification has become a regular even around the world. The urban redevelopment is affecting the global and neoliberal city Dhaka too in favor of

a very minor segment of urban population. Dhaka, within a short amount of time has been transformed. The current landscape of the city is dominated by new creations and a display of real estate billboards offering lucrative land, housing and commercial space deals fleck the city. The majority of these development projects are of ultra-expensive real estate for the influential and wealthy classes; with the exception of a few public housing projects where allocations are decided based on connections with political parties (Bertuzzo, 2014). As mentioned earlier in Section 5.3.3, due to the new trend of privatization, a noteworthy number of private hospitals, schools, and universities have been established which are accessible only to the wealthy people. The neoliberal Dhaka has appeared as the city of shopping malls, restaurants, cafes, beauty parlors and gymnasiums. The privatization of urban spaces restricts the accessibility of the urban poor and forced them to move to the peripheries. There have been numerous incidents of bulldozing squatters and evictions of the poor during the last three decades. The projects taken for the beautification of Dhaka, as attempt to make it world class neoliberal city, have also caused peripheralization of the poor from the city. As for example, the government took the 'Hatirjheel' lakefront development project which has displaced numerous poor households living in the project area who have been bound to move to urban peripheries. Moreover, due to this development, the land prices of surrounding areas have been appreciated too and instigated more private sector gentrification there. Hence the poor and low income households living adjacent to the area over the decades, have been displaced from or dispossessed of their land where high income apartments are being erected (Hossain, 2013).

Particularly since the 1990s, the state has become reluctant about public housing programs. hence the task was transferred to the real estate developers based on neoliberal strategy to unlock land values through market activities. Though the city

was expanding through public and private land development projects, the renowned residential areas within the city never lost their attractiveness for gentrification. The owners of residential premises gradually allow the development of high rise apartments by corporate developers demolishing their old homes in exchange for ownership of four or more new flats. It has become a popular way to arrange for long-term income as rents and to distribute properties among inheritors (Bertuzzo, 2014). In 1984, 70% of plots of Dhanmondi were occupied by two and one storied buildings whereas in 2006, proportion of buildings six storey and above comprised more than 50% of total in the area (Shumi, 2006). Through gentrification new characteristics of the previous pure residential areas were evolved too. Commercial landuse started to dominate the prime roads of residential areas like Gulshan, Dhanmondi. In the year of 2006, more than 50% of plots of Dhanmondi Residential Area were occupied by commercial or institutional uses like, private schools, colleges, and universities; clinics, diagnostic centers, restaurants and different kind of offices (Nahrin, 2008).

5.4.3 Housing Affordability Crisis: Income Inequalities and Property Price Inflation

As discussed in Chapter three, neoliberal policies directly or indirectly causes housing affordability crisis and it is proved to be true for the cities of developed as well as developing countries. The reason behind the lack of housing affordability is twofold. Low income along with increasing inequality and asset price inflation, the consequences of neoliberalism, have contributed to housing affordability crisis. The right to adequate housing has been compromised by the market-based reforms and the structural reconfigurations that neoliberalism has entailed (Kadi and Ronald 2014). One of the most significant effects of neoliberalism on housing provision was the appreciation of the statement that “... housing was not an area of policy to be developed

in relation to evidence of need but was principally about extending home ownership and the role of market” (Malpass and Murrie, 1999). The statement infers that, in the free market economy, the key for housing construction and consumption would be the demand not need.

5.4.3.1 Income Inequalities

Neoliberalism increases the income and wealth inequalities through ‘accumulation by dispossession’ where rich people accumulate capital dispossessing the poor (Harvey, 2004). Widening income and wealth inequalities is a continuous and irreversible phenomenon in respect of Dhaka too (*The Daily Star*, 2018). Increasing income inequalities affects housing affordability by reducing the capacity of the majority of prime city dwellers. Though it was argued that the new neoliberal macroeconomic policies would increase the general national incomes, and consequently, more households would be above the poverty line and would be able to afford housing supplied by the market, the things never happened in that way (Sandhu and Korzeniewski, 2004). The housing sector of Dhaka followed the same trajectory of neoliberal urbanism by adopting SAPs since 1980s and enabling approaches since the early 90s (Section 5.1).

Uneven geographical development which is one of the themes of neoliberalism explored by Harvey has turned the capital Dhaka into mega city with tremendous pressure of national migrants from other cities and villages. In 2015, Dhaka was found as the most expensive among comparable cities in the subcontinent, and surprisingly, more expensive than many cities of developed countries too. The rank of Dhaka was 71 on the list of cities worldwide based on cost of living, while the ranks of New Delhi, Kathmandu, and Karachi were 128, 125, and 132 among 133 cities (Economic

Intelligence Unit Limited 2015). Inequalities in income and wealth distribution are rising at alarming rate in Bangladesh especially in Dhaka. The Gini coefficient (GINI Index) of Bangladesh is also increasing over time. In 1983 it was 25.90 while by 2016 it became 32.40 (www.ceicdata.com). According to more recent assessments by the Centre for Policy Dialogue (CPD), the Gini coefficient for wealth inequality stands at a shocking 74.00, while the income inequality in terms of Gini coefficient is 48.00 in Dhaka (*The Daily Star*, May, 2018). While the present statistics is distressing enough, real inequality is expected to be worse because of the fact that the affluent in our country are able not to disclose their actual wealth and income. Inequality is also revealed by the fact that one-third of Dhaka's population dwell in less than 1 per cent of the total land area and the remaining is distributed among well-off groups (Afsar 2000). In respect of housing wealth inequality, only 30 percent of households in Dhaka own housing property. Remaining 70 per cent of households live in rental housing, a handful numbers of government quarters for employees or in informal houses (BIGD, 2017).

5.4.3.2 Price Hike of Properties

In-migration, on the one hand, directly affects the scale of the local residents and changes the population pyramid of the city, and thus changes the demand for real estate (Hiller and Lerbs, 2016); on the other hand, can support population flow in cities, increasing labour productivity and promoting the development of the urban economy (Ma and Cai, 2018), can counteract the development of the real-estate industry and thus indirectly can affect the real estate prices (Song and Knaap, 2003). Hence, theoretical investigation examines the influence of in-migration on property prices from both direct and indirect perspective.

In case of Dhaka all the changes ultimately have influenced the land and housing prices of Dhaka always in a positive way. That means the land and housing prices of Dhaka have increased at abrupt rate over the years. The contribution of neoliberalism reforms, that accelerated Dhaka's growth of all kind, to the property price of Dhaka is apparent from the land price figures of before (1975) and after (1990) the neoliberal reforms. During these 25 years the average land price increased by 1818%. In 1975, when the population of Dhaka city was only 2.2 million, land prices in residential areas ranged from BDT 15 to 25 thousand per Katha while it was around BDT 50 thousand in commercial zones. But as mentioned in Section 5.3, the economic and population scenario of Dhaka changed after neoliberal reforms and consequently in 1990 the population reached at around 6.6 million and the city experienced sky-touching land price compared to that of 1975. In 1990 the land prices in prime residential areas like Baridhara, Dhanmondi, Gulshan, Banani, and Lalmatia, lucrative for apartment projects, rose to BDT 0.6 million per Katha while in commercial areas the price was above BDT 1 million per Katha (Figure 5.4).

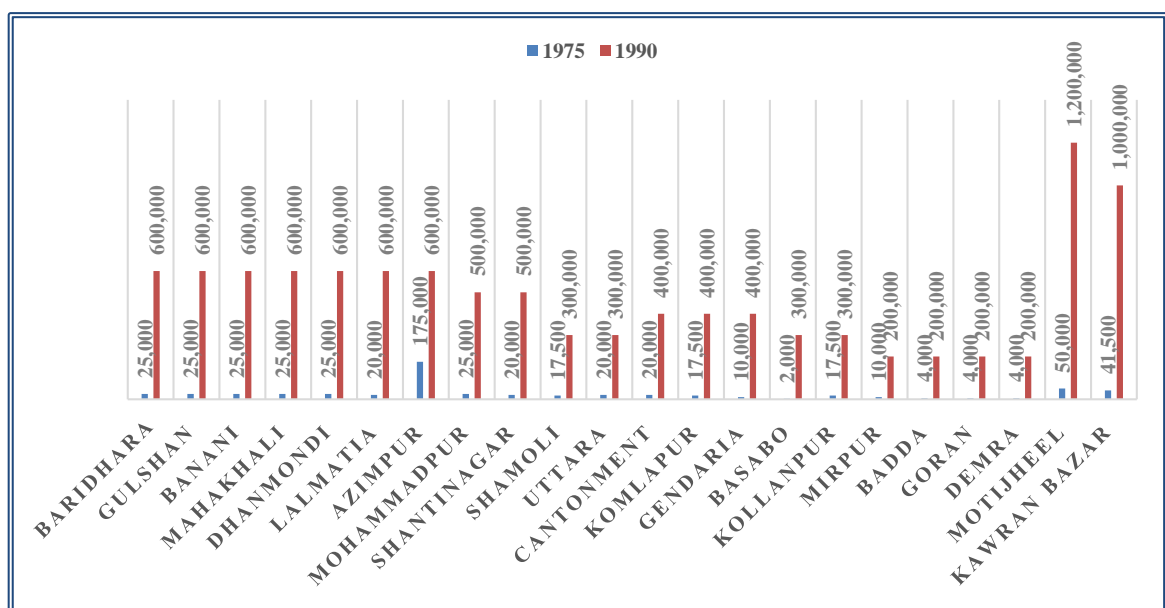


Figure 5.4: Land price (BDT) per Katha in selected areas of Dhaka before (1975) and after (1990) Neoliberal Market Operations

Source: Compiled by the Author based on information provided by Centre for Urban Studies and Pioneer Developers

The land price in Dhaka has continued to increase at an exponential rate. During the 2000s, the price of land all across the city has increased extraordinarily. Comparing the previous decade's price increase, the increase of land price in percentage almost doubled in the 2000s. In case of apartments, the price increased at a very high rate during the first decade of 21st century; particularly in Gulshan, Baridhara, Banani, Dhanmondi, and Shamoli. Price escalation is almost exponential in this decade comparing the increase during the previous decade (Figure 5.5).

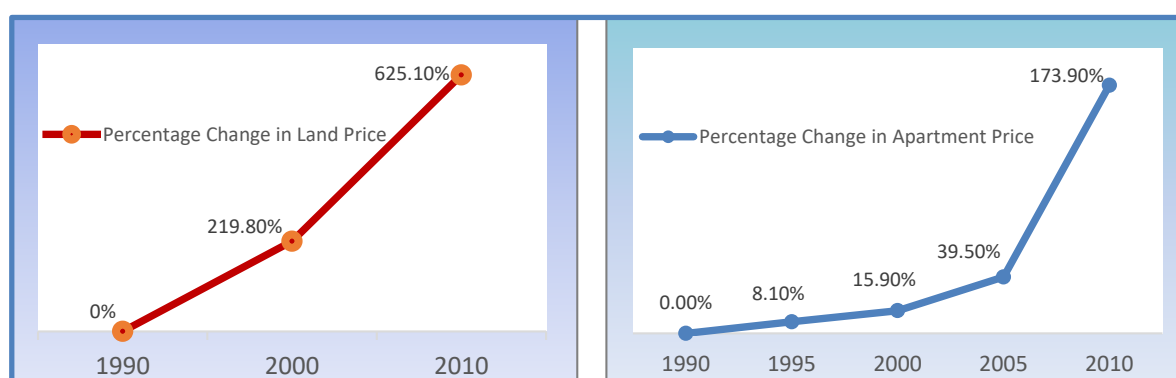


Figure 5.5: Increases in Land and apartment prices (%) since 1990 in the capital Dhaka
 Source: compiled and analysed by the author based on the information provided by the pioneer developers

5.4.3.3 Unaffordable Housing

Affordability crisis exists in respect of owning or renting a decent home in Dhaka for the majority of its population. The Consumers Association of Bangladesh (CAB) has revealed that rental inflation rate is higher than overall living costs inflation by average 1.7 during the five years from 2012 to 2016. With the exception only in 2013, rental inflation exceeded the general inflation over these years. The house rent in Dhaka increased very sharply since the early 1990s. According to a survey conducted in 2007 by the same organization, house rent in Dhaka increased by 250 per cent during 17 years from 1990 to 2007.

In respect of homeownership affordability, the extremely expensive land and housing property in Dhaka have made homeownership absolutely unaffordable for most of its

population. The emergence of neoliberal real estate market in early 90s, since when housing was assumed to be provided solely by private sector as a neoliberal policy, resulted in exponential price hike of land and apartments. Surprisingly, the land prices of Dhaka and suburban New York are comparable, while the average income of the residents of Dhaka is a hundred times lower. Average land price in Dhaka increased by 625.1% within two decades since 1990. And the average price of apartments increased by 173.9% within the same timeframe (REHAB, 2012). Commodification of housing, where production and consumption of housing is determined by demand but not need, and the ever increasing migration to Dhaka along with the increasing income inequalities which always leave an affluent group with unlimited demand altogether have caused exponential rise of land and apartment prices and subsequently aggravated housing affordability crisis in Dhaka city.

To understand the affordability of MIHs a very simple calculation has been done here with the help of some logical assumptions. Gan and Hill (2009) have classified the housing affordability into three distinct measures; “purchase affordability”, “repayment affordability” and “income affordability”. However, they also have mentioned that majority of the literatures covered the “income affordability” which measures the Price to Income Ratio (PIR). In current property market, price of a 1200 sqft apartment in a middle income area would be BDT 8 million. Prices of Apartments located in prime locations are far more than Tk. 10 million. In the five-day Winter REHAB fair in December 2016, a total of 520 apartments were sold. Average price of these apartments was Tk. 8 million. According to a recent research by PPRC and BBS, the income of widely varying middle class (60% of total population) of Dhaka city ranges from BDT 10,000 to BDT 100,000 (Rahman, 2016). Therefore, the PIR of highest income bracket of middle class in current market is around 6.6. Housing

markets are rated as “affordable” at or below 3 times gross annual household income, “moderately unaffordable” at or below 4 times income, “seriously unaffordable” at or below 5 times income and above 5, rated “severely unaffordable” (Suhaida et al., 2011). So, the housing market of Dhaka obviously would be termed as “severely unaffordable” even for the higher middle income segment of Dhaka’s population.

5.5 Conclusion

This chapter has discussed ways of adoption of neoliberal policies in Bangladesh and how neoliberalization and globalization have turned Dhaka into a mega city with the burden of mismatching between ever increasing population and city services including housing provision. Since 80s liberalization and privatization approaches in industrial sector influenced the establishment of export oriented industries; neoliberal health and education sector resulted in a mushroom growth of private universities, hospitals, clinics, and diagnostic centres. Due to uneven geographical development, all these neoliberal impacts were limited only to the capital, Dhaka. Such unplanned and unmanageable growth of Dhaka has obviously affected the provision of housing for all strata of population of the city.

In respect of the housing provision in Dhaka, the non-existence of the application of any rent controls, deepening of the housing finance market and economic reforms to encourage real estate developers are the neoliberal strategies to increase homeownership. Nevertheless, over the years, despite the intention of increasing homeownership, significant change has been seen in the housing occupancy pattern in Dhaka. Instead of increasing, homeownership reduced over the decades to only 18.5% in 2011. Due to the absence of any restriction on property acquisition, inequalities in income and wealth distribution have resulted in such homeownership scenario.

In Dhaka, like any other prime cities in developing countries, mass scale evictions

happened due to gentrification induced by state led project with foreign fund like Hatir Jheel as well as by huge investment by real estate developers and individuals on land due to unanticipated appreciation of land price. Such investments on land have changed the geographies and land use of the city and causing peri-urbanization of the limited income population.

In respect of affordability crisis, the housing of Dhaka has become unaffordable for majority of its population due to low income and increased income inequalities as well as for the unanticipated price appreciation of real estate properties. Neoliberal economic reforms have always benefited the richer segment of population by tax rebates, bank loans to boost up the economy through industrialization while snatching the social benefits from the underprivileged people. Such policies has increased the income inequalities and wealth inequalities while policy shift towards ensuring better conditions for owner than rental occupied housing have also created affordability crisis as it has stimulated speculative activity.

Chapter 6

ANALYSIS OF HOUSING INSTITUTIONS IN DHAKA THROUGH THE LENS OF NEOLIBERALISM

6.1. Introduction

According to Harvey (2005), the outcome of neoliberalism in any country is highly influenced by its prevailing institutional arrangements. Based on several case studies in widely varying countries ranging from developmental to welfare states, he has come up with this remark. According to him, many countries have successfully rejected the world agencies' neoliberal prescriptions which they thought as harmful or not suitable for their economy or institutional arrangement. But such capacity to reject neoliberal prescriptions depends on the strength of the states. The international agencies could easily inject the neoliberal restructuring in the countries where institutional arrangements were in total chaos. And the success of those restructuring totally related to the institutional capacity to produce strong state, market as well as legal framework. Hence, the understanding of the institutional arrangements and its adaptation to neoliberalism is essential to identify the pitfalls that obstacle the expected outcome of neoliberal policies.

This chapter will analyze the institutional arrangement for housing provision in Dhaka through the lens of neoliberalism. Relevant literatures, grey materials are the source of information to understand the institutional arrangements and also institutional changes resulted by neoliberal reforms. Views of Key personnel from public institutes and real estate companies as well as of housing experts retrieved from interviews have also been used to validate the information and to acquire thorough understanding of the changes in institutional arrangements for housing provision in Dhaka with politico-

economic paradigm shifts since the liberation.

Involving the central philosophy of Institutional Analysis and Development (IAD) approach to institutional mapping, the interviews were designed to understand the current institutional arrangements of housing provision in Dhaka. The institutional mapping of Dhaka is constituted of 'Action Situation', 'Action Arena' and 'Actors' (Figure 6.1). Existing legal frameworks shape the 'Action Situation' which guides the activities of the 'Actors' (institutes) (Aligica, 2006). 'Action Arena' indicates the components of housing which can be divided into four stages: the initial state is the land acquisition, then housing itself which is guided and influenced by the finance both for construction and purchasing and coordination is the action arena that influence each and every other arena (Figure 6.1). The institutional framework of housing provision and its change over the time focusing the neoliberal paradigm shift has been discussed in following sections where the institutional mapping shown in Figure 6.1 has been used as the guideline.

6.2. Housing Institutions Before the Shift to the Neoliberal Paradigm

Institutions that shape the forms and nature of urban housing are not self-directed in the process of their evolution rather they are the creations of political and economic forces exist in the concerned society. This section describes housing processes that existed in pre-neoliberal Bangladesh and gave a housing pattern in Dhaka which started to be reshaped by neoliberal policies since the late 1980s.

6.2.1. Pre-neoliberalism: Institutional Arrangements for Housing

Housing in Dhaka is not a discrete phenomenon rather it has been shaped by development and planning approaches adopted in Bangladesh, specifically in the city since the Mughal period when Dhaka was made the capital of Bengal province in 1610.

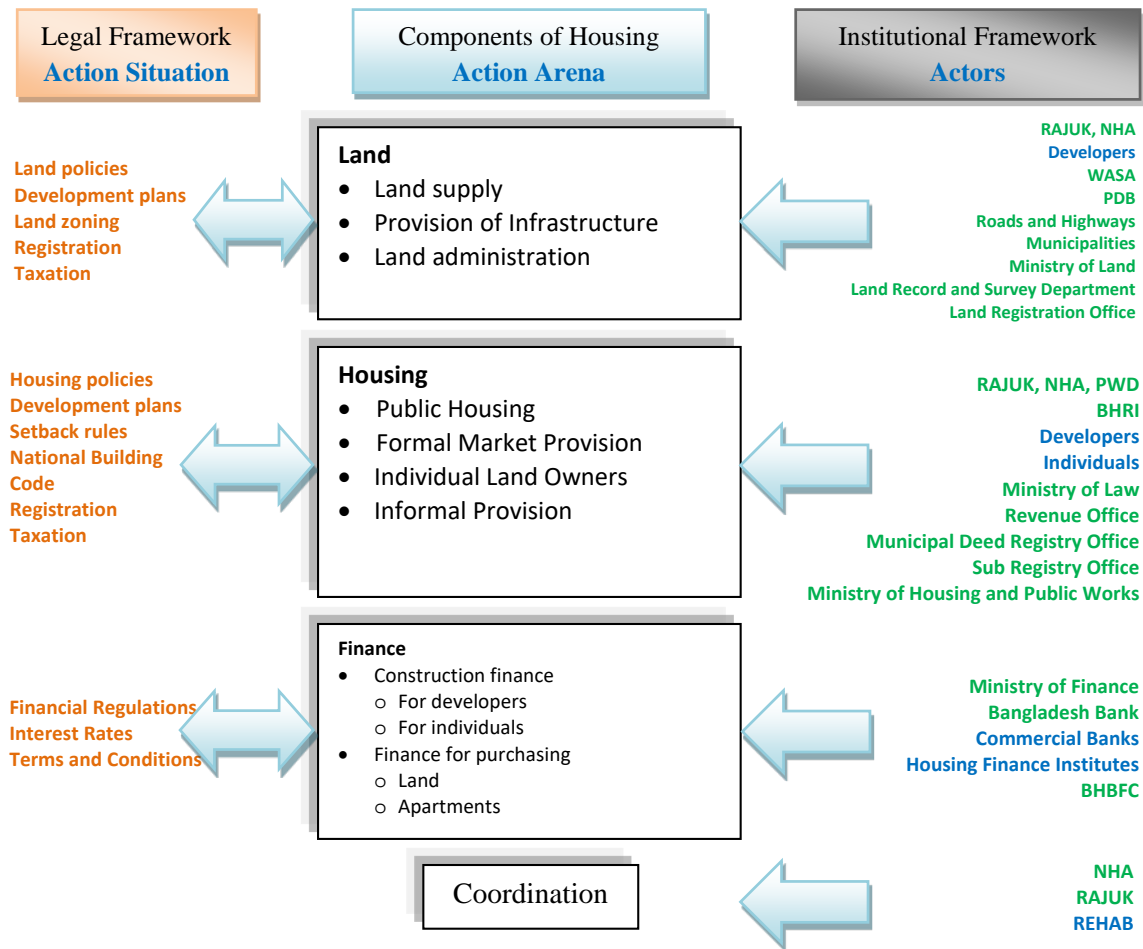


Figure 6.1: Institutional Mapping for Housing Provision in Dhaka

Source: Author (2019), based on institutional mapping guided by IAD (Ostrom and Crawford, 1995)

Regarding the state intervention in housing, only the accommodations for administrators and the army were provided by the royal treasury. Besides, Mughal administrators had a policy of inviting and retaining different occupational group in the city by offering them rent-free lands. On these lands housing was used to be developed by individuals.

The East India Company came to Indian subcontinent for business but acquired the Dewani existed then in Bengal in 1765 and led to colonization which had devastating consequences on living and working condition in Dhaka. The Company's reversal trade policy and primitive accumulation of resources eventually ruined the rich artisan

and weaving industries of Dhaka. Housing withering happened too as the result of declining trade and commerce related to the manufacturing sector. Along with the population decline the housing stock of 44,000 in 1801 was successively reduced to 16,279 and 10,830 respectively in 1830 and 1838.

Though Dhaka lost the pride of Mughal period, eventually the colonial doctrine made few significant contributions to housing in Dhaka too. Civic services were provided by Dhaka Municipality which was established in 1864. The cost of civic services was covered by the fund raised from municipal tax and conservancy tax. Other contributions of Mughals include the bungalows for high officials at Ramna and a unique initiative of planned land development for housing the middle income professionals in Wari (in old part of Dhaka). The extended housing loan and the enforced building control evident in the development of Wari later proved to be the pre-cursor of all subsequent planned residential area developments in the post-colonial period. An organization named Construction and Building (C&B) was formed by the East India Company in 1854 which was responsible for constructing public buildings, roads and provided housing in the form of Bungalows only for high government officials during the colonial period.

After decolonization of Indian subcontinent in 1947, Pakistan emerged as an independent state splitting into Eastern and Western provinces. Dhaka was made the provincial capital of East Pakistan. Dhaka faced acute housing shortage due to a great influx of people from India after 1947. In Pakistan period, the government took the responsibility of housing provision and addressed the prevailing housing shortage. In East Pakistan, the estimated housing shortage in 1958 was 150,000 dwelling units.

The Dhaka Improvement Trust (DIT) was established in 1956 to guide the

development of the provincial capital Dhaka of around 320 square miles of land. The Trustee Board was responsible for making policies and plans to control the development of Dhaka. DIT initiated a number of projects for developing residential areas in Dhanmondi, Gulshan, and housing estates in Azimpur, Motijheel. Modern housing was adopted in these neighborhoods with large sized residential plots, roads with ample right of ways for footpath and trees, community open spaces and spaces for corner shops too. Western priority for ensuring health and hygiene, as a precondition of modern living, were markedly present in the buildings' judicious setback from the road and other buildings to allow ample air, light and green.

In contrast, migration of Muslim families from India after the partition of the subcontinent resulted in the formation of makeshift houses on vacant public lands of Dhaka. The influx of population also caused too much pressure on the existing public services. In the backdrop of this grim situation, housing wing was formed under the Works, Power and Irrigation Ministry in 1958 and through this wing housing was provided in the form of site and services schemes and nuclear houses. After successful rehabilitation of thousands of refugees, the housing wing was updated as Housing and Settlement Directorate (HSD) in 1972. Besides, in 1962, dismantling the old organization Construction and Building (C&B), the Roads and Highways Department and the Public Works Department (PWD) were formed. PWD was responsible for constructing all the public buildings including rental housing for government employees. Despite all these initiatives, illegal squatter settlements were formed inside Dhaka, mostly by rural migrants, usually alongside rail tracks and in isolated pockets close to the squatters' places of work. The squatters, source of cheap labors, were left undisturbed in the interest of modern Dhaka building but were unaddressed too in the provision of basic urban services.

After the liberation, in 1972, the Government of Independent Bangladesh founded the Ministry of Housing and Public Works incorporating the 1. PWD, 2. HSD, 3. DIT, 4. Urban Development Directorate (established in 1965 by Pakistani government to develop urban areas other than Dhaka); 5. Department of Architecture (established in 1952 to design public buildings); and 6. Directorate of Government Housing (established in 1972 to maintain and manage accommodations for government officers in Dhaka which was renamed as the directorate of Government Accommodation in 1983) (<http://www.doga.gov.bd/>). Afterwards the Ministry also formed Housing and Building Research Institute (HBRI) in 1975 to invent low cost construction materials and methods to support housing.

As discussed in Chapter Five, the newly formed government of independent Bangladesh took socialist path of development. The state in its foundational years attempted to address the housing problem in Dhaka through the supply-side initiatives. Twenty-seven thousand dwelling units were supplied by the state agencies PWD and HSD throughout the country the during 1972 to 1973. The squatters who were left undisturbed in the interest of cheap labor source during Pakistan period comprised 14% of the population of Dhaka in 1974 (Rahman, 2012). Instigated by the objections made by the elites and raised by the media, the government took eviction initiatives in 1975. Around 24,757 squatter families in 119 locations were forcibly evicted by Dhaka city authorities in 1975. These evicted families were rehabilitated in three different peripheral locations around Dhaka. However, most of the rehabilitated squatter families were seen to return back to places close to employment centers selling out the allotted piece of land to other low income households. Thus the allotment changed hands several times. Though these squatter rehabilitation initiatives by HSD could not achieve their initial goal, they indeed contributed to the supply of

serviced land for self-help housing for low income households in peripheral areas of Dhaka.

The land development projects which got momentum during Pakistan period slowed down until 1980s. The 'North Satellite Town' was planned to be developed in the northern outskirts of Dhaka during 1960s under site and services scheme. The proposed completion year of phase 1 of the project was 1966. But, it was completed in 1990 with the name 'Uttara Model Town'. The progress of the Gulshan, Banani, Baridhara land development projects also slowed down until 80s when socialist approach came to an end. The socialist approach focused on the direct provision of housing, but due to budget shortage, the contributions were not sufficient comparing the need (Rahman, 2012).

6.2.2. Pre-neoliberalism: Institutional Arrangements for Land

One of the key factors for sufficient supply of housing according to both demand and need is the effective administration and management of land which can ease the land supply constraints for housing. However, land administration in Bangladesh has always been centered around the revenue collection focusing mostly the agricultural lands. For revenue collection, in colonial period, cadastral survey (CS record) was done under the Bengal Tenancy Act 1885 to maintain records of right. Another Revisional Survey (RS record) was done again after fifty years of CS. Land management activity in East Pakistan was comparatively limited until the landlordism was abolished in 1950. Collection of land revenue from landlords was the only task of the government related to land management. But when the State Acquisition and Tenancy Act 1950 was adopted, the government formed the Revenue Department for performing revenue collection and land administration. Another Records of Right was

prepared under this act which was based on the information provided by the landlords and known as SA records. Another survey was started in 1970 which is continuing till now. This survey is known as Bangladesh Survey (BS) and BS records is considered as the most authentic. However along with BS all the other records like CS, RS and SA records are used as reference to prove ownership of land which is cumbersome. The execution of land surveys, preparation and preservation of maps and records of rights (RoRs) are the responsibilities of the Directorate of Land Records and Surveys (DLRS) which has got the status of directorate in 1975.

The State Acquisition and Tenancy Act 1950 declared a land ceiling of 13.2 hectares. According to the act, excess land should be distributed among landless and small farmers. If the rule was implemented effectively, a significant change in the unequal ownership of land could be achieved. But with the fear of conflict with the rich farmers, the rule was not imposed to initiate any redistribution till 1961 when the land ceiling was re-announced up to 60 hectares (Hossain, 2015). Since then excess land of 439 families amounted to 65,000 hectares were redistributed among landless and small farmers. Enemy property ordinance, 1969 was passed by the Pakistani government for taking over the property of Hindu families who left the country for India due to the tension arose between these two states. The ordinance was remained in force till the liberation war of Bangladesh in 1971. In March, 1972, Bangladesh Vesting of Property and Assets Order was enacted to take over the properties left by the Pakistanis. Subsequently, in 1974, government also enacted another law namely Vested and Nonresident Property Act to take over the properties of the residents who left the country and took foreign citizenship just after the liberation. Properties acquired through the order of 1972 and the act passed in 1974 as well as the 'enemy property' of the East Pakistan were combined in a single category under the banner of 'vested

property' (CARE, 2003). After liberation, the Revenue Department was re-formed as Land Administration and Land Reforms Divisions under the Ministry of Law and Land Reforms and gradually got the status of a separate ministry. Along with policy decisions and revenue matters, the Ministry of Land Administration and Land Reforms was also responsible for land acquisition and management of 'vested property'.

6.2.3. Pre-neoliberalism: Institutional Arrangements for Housing Finance

During Pakistan period, there were only two mortgage lenders. The House Building Finance Corporation (HBFC) was established under the House Building Finance Corporation Act 1952. There was another private lender which operated in West Pakistan only. HBFC provided long-term loan with 6.50% interest rate and 15 years' term. Until 1965, individual borrowers built or bought over 7,000 houses with HBFC loans and over 17,000 houses were built or bought by co-operatives (Green and Watcher, 2007).

After liberation, the operations of HBFC was resumed in 1973 and it was reorganized and renamed as Bangladesh was Bangladesh House Building Finance Corporation (BHBFC). BHBFC existed as the sole specialized housing financier in the country. BHBFC was funded by the Bangladesh Treasury at below market rate of interest (5 per cent per year). Moreover, the corporation enjoys a number of advantages like tax exemption, laxer capital requirements, and the State guaranteed bonds. Instead of being privileged, the financial and administrative performance of the institution was unsatisfactory. The BHBFC has been criticized for exceptionally long approval times and political rather than financial allocation process. In spite of these shortcomings, it was the only institution serving the low and MIHs. The other sources of housing finance available since the colonial period commercial banks, employee loans served mostly the well-offs. Another common but informal source of housing finance in

Bangladesh for low and middle income people has always been the loan from friends and relatives (Green and Watcher, 2007).

6.2.4. Pre-neoliberalism: Development Guidelines

Concerted housing development hardly takes place without guided by physical and economic planning. Dhaka is also not an exception. Since the very beginning, housing development in Dhaka had been guided by physical planning as well as economic planning. Location and direction of future housing provision is supposed to be guided by physical plans while policies included in housing sector of five year plans guide the design and implementation of housing development programs. The physical plans prepared for Dhaka since colonial period and the five year economic plans since the liberation and housing focuses in those plans are discussed in the following sections.

Physical Planning: Prior to the 1980s

During the British colonial times, in 1917, Sir Patrick Geddes was appointed to make a development plan for Dhaka city. Instead of comprehensive plan, Geddes produced a proposal where he showed the way to handle the particular aspects of the city based on a week stay in the city. Dhaka city was divided into zones proposing colonial offices in old town and residential buildings around Ramna. He emphasized the conservation of the basic characters of different areas by guiding further development. Through the plan proposal was never materialized formally, being a guiding document it influenced the landuse of the city silently. The major historical institutional and administrative areas of the city still have the reflection of that plan (Hyder, 1994).

After the end of colonial period, the newly formed East Pakistan felt the lack of a comprehensive planning to accommodate the abrupt growth of Dhaka as the provincial capital. In 1948, the East Bengal (or East Pakistan) government created a planning

division to prepare a physical plan for guiding the expansion of Dhaka (Islam, 1996). The plan proposed development schemes including construction and improvement of roads, new residential, industrial (Tejgaon) and commercial areas for Dhaka including an area of 50 sq.km. The partial implemented of these development schemes have caused profound implications for the spatial structure of the city (Islam 1996). New physical developments of the city reflect the concepts of European urban planning by adopting functional land use zones (Mowla, 2012).

At last in 1958, initiative was taken for preparing the first ever comprehensive Master Plan for Dhaka by appointing an expatriate firm Minupria & Macfarlane. Two most substantial issues to handle were identified by the plan. One was the shortage of developable land as Dhaka was surrounded by low lands below flood level. The other issue was the congested development in the old town of Dhaka (Minoprio and Macfarlane, 1959). The plan was prepared predicting the city for the next 20 years (1958-1978) which indicated future landuse pattern by demarcating water bodies to preserve, flood prone zones to avoid for development as well as the buildable zones that should accommodate the future growth of the city. The population was forecasted to be 816,000 from 575,000 in the city and 1,466,000 from 1,035,000 in the conurbations. The plan recommended the expansion of the city to the north incorporating all the developable land in Tongi.

In respect of housing, the plan suggested new housing schemes like a self-contained new town in Tongi (current Uttara Model Town) and a residential satellite in Mirpur to provide housing lands for 402,700 persons (Minoprio and Macfarlane, 1959).

Considering the increasing growth rate of Dhaka, even the first ever Master Plan emphasized the decentralization of industrial development through proper national

planning policy to discourage excessive growth of the city, however, the recommendations have never been materialized.

Economic Planning: Prior to the 1980s

Since Pakistan Period the development was guided by five year plans prepared by East Pakistan Planning Department, where East Pakistan faced discrimination in every aspect. East Pakistan's contribution to GDP was greater than West Pakistan. Despite this fact, major budgetary allocation was for the development of the West Pakistan, moreover, East Pakistan's foreign exchange surplus was utilized for imports for the West Pakistan. Such discrimination slowed down the required development of provincial capital Dhaka.

As mentioned before, after liberation, the independent Bangladesh emerged as a socialist country though the transformation into a socialist one was difficult as the nature of the administration of the country as East Pakistan was similar to quasi-colonial and the economy was pre-capitalist (Bhaduri, 1973). This era of development approach was sustained for three years having the First Five Year Plan (FFYP), prepared by the Bangladesh Planning Commission established in 1973. The basic objectives of the FFYP (1973-1978) were all socialist in nature, like the reduction of poverty, minimization of inequality of income and the promotion of self-dependency avoiding foreign assistances.

Despite the socialist approach, due to resource constraints, the plan proposed direct provision of housing only for the poor in the forms of cluster shelter and core housing. Cooperatives have been promoted in many socialist countries. As a part of socialist approach Bangladesh also introduced cooperative housing for the low and middle income group. In spite of being the most common practice of housing provision in that

time, individual house building was not guided by any specific strategies in the plan. However, building by laws and housing code were made compulsory to maintain the standard of housing provided by individuals.

The state could not play any significant role in the provision of housing due to the financial constraints resulted from the ceasing of foreign aid. It was assumed that the influential countries became reluctant in sanctioning aid for Bangladesh because of the nationalization process it started during that time (Rahman, 2012). The nationalization measures also included the imposition of ceilings on private investment. Due to such investment ceilings, the scope of the initiation of formal housing industry comprising the private sector developers in place of the trend of individually constructed was restricted too (Key Informant Interview, 2019).

6.3. Housing Institutions After the Shift into the Neoliberal Paradigm

As discussed in Chapter 5, neoliberal paradigm shift started in Bangladesh since early 1980s through structural adjustments. So to discuss the housing institutions after the shift to the neoliberal paradigm, early to mid-1980s has been considered as the border line. To describe the neoliberal housing institutions, the whole paradigm has been divided into roll-back (since 1980) and roll-in (since 1990) phases according to global trend that has been identified from literatures and described in Section 3.3 of Chapter Three.

6.3.1. Roll-Back Phase

According to some neoliberals from the 1970s and 1980s, the state should entirely stop intervening in the economy. The concept “deregulation” under neoliberalism intended to revoke all rules that might regulate the market participants in any way with the belief that such rules had distorted markets and made them inefficient. This phase of

Neoliberal ideology highlighted the importance of markets' self-regulating which, it believed, will produce sufficient output for the nation by creating an optimal allocation of investments. Since the intervention of the state is absolutely discouraged, this phase is termed as roll- back neoliberalism. The roll-back neoliberalism of the 1980s, was introduced in the US and Europe through the removal of the welfare state, and in developing countries by the imposition of Structural Adjustment Programmes (SAP) (Afenah, 2009).

6.3.1.1. Institutional Arrangement for Housing: Roll-Back Phase

Since early 1980s, when Bangladesh accepted the SAP reform packages, there was a shift in public housing initiatives with more focus on cost recovery. High quality housing provision for the government employees was replaced by the provision of serviced land. Lower standards of housing were adopted to reduce the cost and increase the supply through private sector (Choguill, 1993).

In the backdrop of the scarcity of government resources, public sector programs were being limited to land development through the provision of infrastructure and services. The provision of serviced lands for high and upper-middle income people was resumed again in Banani, Baridhara and Uttara planned residential area. All these projects were completed by the end of 1980s. Other housing initiatives by the state included the assistance for squatter families and the provision of core housing on self-help basis mostly for the poor and refugees. Overall, the intention was to stay back from direct housing provision and instead, generate a favorable environment for the private sector so that it can come up with substantial housing provision.

Since the mid-1980s, private real estate developers were gradually gaining momentum in the scale of their operation and multi-storied and multi-family apartment as a

specific housing typology started to emerge in Dhaka. Real estate developers' operations did bring a change in traditional process of housing which includes incremental housing development by individuals that begins with land purchasing and ends with single or multi-storied house on that land. Incremental housing development usually takes long time to be finished based on the financial ability of the individuals. This transformation of housing, however, had not yet gained momentum in different planned residential areas, Dhanmondi in particular, as late as in 1991. Initially the pioneer real estate developers started apartment projects in locations near to city centers and major transport intersections like Motijheel, Farmgate, Eskaton, Baily road, etc. (Ghafur, 2011).

To encourage private sector investment in real estate, development control guidelines initiated to be modified during this period, however major modifications occurred during 90s and afterwards. To permit commercial uses along Mirpur road or Gulshan avenue and up to six storied building in residential areas in late 80s can be considered as such modification to encourage investment in real estate sector. During the 80s, 3422 apartments were supplied by 42 developers who entered in the business during that period (REHAB, 2012).

During this period, the state limited its role only in provision of serviced land and direct provision only for the squatters and low income people though in very small scale. Private market was encouraged by SAP reforms packages (see section 5.1.3) and also by slight relaxation of development controls on demand of the pioneer developers (Interview with developers, 2019). However, there were no instruments of the state to make the real estate market efficient or to control the market through rules and regulations to protect the interest of both the developers and the consumers or to

minimize the possible negative impact on urban environment.

6.3.1.2. Institutional Arrangement for Land: Roll-Back Phase

Neoliberal land policies emphasize the privatization of land; release of land from communal or state ownership to individuals with the belief that such deregulation will increase the productivity of land and help economic growth. In the roll-back era of neoliberalism, the implementation of Structural Adjustment Program (SAP) initiated massive privatization of state owned properties. The socialist notion of the state to acquire the land in the eastern part of the city to guide the development of Dhaka or to control land market was abandoned in this era too to encourage private land market (key informant interview, 2019). As suggested by SAP, to enhance accessibility to land and increase revenue collected from land, few initiatives were taken to increase land administration efficiency. In 1987, the Ministry of Land Administration and Land Reforms was renamed as the Ministry of Land. During that time, two new institutes, the Land Appeal Board and the Land Reform Board (LRB) were also formed by abolishing the Board of Land Administration. The previous board was alone responsible for the supervision of field offices, and disposal of quasi-judicial cases and being over occupied by diversified jobs was not being able to perform effectively. The newly formed Land Reforms Board was assigned to supervise the field offices and to implement land reforms procedures such as distribution of Khas lands, management of vested properties⁴, etc. Despite these organizational reforms, the target of efficient land administration was not achieved in the roll back phase of neoliberalism. Land

⁴ Hindu minority groups abandoned land behind when migrated to India in 1947, 1965 and 1971. Through several legislations like 'Vested Property Act 1974' and the 'Abandon Property Order 1972', the government claimed these abandoned properties. The land abandoned by the emigrants and acquired by the government is known as Khas Land.

administration and management in Bangladesh involve three different ministries. Transfer of land title is registered in registration office under the Ministry of Law, Justice and Parliamentary Affairs. Mutation to include new ownership information is done by AC land which is under the Ministry of Public Administration. However, the updating and preservation of land records a revenue collection is done by the departments under the Ministry of Land. Such institutional arrangements along with the lack of coordination among government agencies make land registration a complex procedure while create scope for corruption in land records system which help land grabbing by the powerful entities and individuals.

6.3.1.3. Institutional Arrangement for Housing Finance: Roll-Back Phase

During the roll-back phase of neoliberal paradigm (1980s), no major change in housing finance institutions was initiated. In 1993 Asian Development Bank (ADB) conducted a survey on homeowners of newly constructed houses and identified the household savings as the most important source of housing finance. The second most common source identified by the survey was loans from friends and relatives, followed by the sale of other properties mostly inherited. Besides, 13% of respondents utilized bank loans or home loans provided by the employers whereas BHBFC loan was acquired by only 5%, all from the higher income groups (Hoek-Smit, 2000). This housing loan statistics of 1993 indicate that till early 90s, housing finance was not much institutionalized compelling people to rely more on informal sources of loan for housing. The state withdrew its role from housing provision with the view that market will act as provider, however did not make any financial reforms that help specialized financial institutions to be established to boost up housing market.

6.3.1.4. Development Guidelines: Roll-Back Phase

The development approach adopted by the state obviously influences the development guidelines, policies and planning of any country. The development approach of Dhaka in 1980s is considered as roll-back state of neoliberalism through SAP reforms packages imposed by international agencies. This section discusses the physical and economic development guidelines formulated in this period and inherent features of these guidelines in respect of housing provision that matches with the roll-back phase of neoliberalism.

Physical Planning: during the 1980s

After the end of previous Master Plan (1958-1978) in 1978, initiative was taken with the assistance from ADB to prepare another long term plan for Dhaka in 1981 for the next 20 years. Again an expatriate firm Shankland Cox Partnership was hired to prepare the plan under the project named Dhaka Metropolitan Area Integrated Urban Development Project (DMAIUDP). The issues, identified by the project which needed to be handled with care to accommodate next 20 years' growth, were the storm water drainage and flood problems of Dhaka Metropolitan Area. Along with the solutions to the identified issues, its purpose was to provide long term development strategies for urban expansion. (Ameen, 1998). The suggestion made by DMAIUDP coincide with that of the previous Master Plan. Both plans suggested the expansion of the city along north south corridor while DMAIUDP included the suggestions to expand farther towards the north using mass-transit and permit the growth till Aricha. ADB assisted strategy plan emphasized on acquiring land to guide the expansion of Dhaka till 2001. Such guided expansion or development was required to protect the city from flood and environmental degradation. However, the recommended directions of city expansion were not followed strictly as the private actors started to take land

development/subdivision projects in the eastern fringe of the city, which were identified as flood flow zones. The state was in roll-back position in this regard (Key Informant Interview, 2019).

The institutional amendment, in respect of physical planning and development, during this period was the transformation of DIT into Rajdhani Unnayan Karttripakkha (RAJUK, Capital City Development Authority). The rapid urbanization of Dhaka during 1970s and 1980s did not match with the predicted growth pattern of the Master Plan prepared in 1958, and to accommodate the growth challenges the Town Improvement (amendment) Act 1987 was passed through which RAJUK was formed with extended capacity. Under this Act the physical area of operations of the reformed organization was extended in 1991 from 320 sq miles to 590 sq miles with a population of nearly seven million.

Economic Planning: during the 1980s

The economic changes prescribed in the Structural Adjustment Programs (SAPs) were reflected in the transformation of relatively high priority in the First Five Year Plan on social sectors including housing to the more productive sectors of agriculture and industry. In second FYP, emphasis was given on cost recovery in case of public housing. Cost recovery measures included the adoption of lower standards of housing. Instead of the direct provision of high-quality housing units, the development of serviced land to support housing in private sector was suggested (Choguill, 1993).

The Third Five Year Plan (1985-1990) followed almost the same strategies as of the preceding plan for housing sector with much lower effort of the state in the direct provision of housing. This plan suggested that public sector investment was to be made only in those areas where it was inevitable, such as the supply of serviced land,

construction of roads and provision of public services. Direct housing provision was made limited for public servants only.

The state's emphasis on cost recovery in case of public housing in second FYP and suggested shift towards development of serviced land from direct housing provision in the third FYP indicate the neoliberal shift of the state through SAP.

6.3.2. Roll-In Phase: Enabling Approach

The neoliberal political practice in roll-back phase intensified inequalities among people as well as among spaces through uneven development where flawed market operations were caused due to government's complementary roles (Brenner and Theodore, 2002). It has been argued that in developing countries the housing requirements have not been met through the private market due to inappropriate policies and regulations taken by the state which have aggravated the inherent market imperfections as well as slowed down the development of the markets by creating disincentives (World Bank, 1993).

Therefore, to achieve substantial improvements in housing situations in developing countries, an 'enabling strategy' was suggested where private sector should get all kind of rational supports from public sector and public sector should not be engaged in any activities which can be accomplished by private sector efficiently. In this context, the World Bank (1993) has articulated policy recommendations which target at the reorientation of the state's role from direct housing provision and private market regulation to market enabling one so that housing markets can operate more efficiently. The specific recommendations made by the World Bank (1993) are listed below:

1. Property rights: the bank recommended the development of the systems of

transferable property rights, including the development of efficient land cadastral and registration systems. Undertaking land registration and regularization of insecure tenure and the privatization of public housing stock where possible.

2. Mortgage finance: promotion of housing finance institutions for borrowing and lending at positive real interest rates was recommended to ensure greater access to housing finance. Avoiding subsidized and directed credit toward housing was recommended too.
3. Rationalizing subsidies: State should be very rational in using subsidies by targeting the cases where all other options fail. The selection of target group should be very transparent and government subsidies must not distort the market in any way.
4. Infrastructure for residential land development: the state should improve infrastructure to make housing land available. The responsible agencies should focus less on narrow physical objectives and more on opening up urban land for residential development.
5. Land and housing regulations: reformation of regulations was recommended to benefit market activity particularly in the provision of housing for limited income groups, for example alternative standards which do not compromise environmental, health and safety concerns but allow more flexibility in the provision of affordable housing.
6. Organizing the building industry: the state should eliminate regulatory barriers to entry, break up monopolies, facilitate equal access of small firms to markets to create greater competition in the industry. To make housing affordable, development and use of local building materials and construction methods should be promoted as well as the trade barriers that apply to housing inputs.

7. Conducive institutional framework: state should develop an institutional mechanism for supervising the entire housing sector and coordinating the roles of public agencies that influence housing sector performance.

Following sections will discuss the institutional changes in respect of housing, land, finance and development guidelines after enabling strategies were recommended by the Bank and adopted by the state. Institutional changes in housing sector since the beginning of 90s were meant to help achieving the recommended enabling strategies by the Bank (World Bank, 1993). Hence, all the aspects are analyzed here in light of the recommendations made by the World Bank for the state to follow to enable the housing market.

6.3.2.1. Institutional Arrangement for Housing: Roll-In Phase

The most prominent institutional change in housing sector of Bangladesh, after the end of 1980s, was the formulation of first ever national housing policy in 1993. The policy was formulated with the advocacy of the World Bank and largely accommodated the enabling strategies mentioned in the previous section. According to the policy, the state should intervene in the land market to confiscate the constraints in land supply and pitfalls in land transfer system. The policy suggested that the private housing market should provide housing for all but the poor. The state should limit its direct housing provision for the poor and act as promoter or facilitator ensuring market's efficiency (GoB, 1993). Though the policy included all the market enabling suggestions for the state agencies to ensure housing for all, the integration of these suggestions with the national plans was missing. Because of the process of the formulation, the state might not own the policy rather adopted it just as the aid conditionality and because of that the policies never been transformed into actions

through appropriate programs and projects (Key Informant Interviews, 2019).

Though the National Housing Policy was supposed to be revised every year to address new issues emerged from the changing situations, it was updated after six years in 1999 and once again in 2004. The updated policy just iterated the first ever national housing policy's suggestions where the role of the state again defined as an enabler. The state should take initiative to increase access to land, make services and housing credit available, and to ensure availability of affordable mortgage and economical building materials especially for the low and middle income housing. The actual construction of housing should be left for private sector developers, private individuals, and NGOs (GoB, 2004).

Market enabling strategies recommended by the World bank included the creation of a conducive institutional framework to oversee the entire housing sector. As per this strategy, the National Housing Policy recommended the formation of a National Housing Council and a National Housing Authority (NHA) in order to coordinate the functions of different public agencies and the private sector actors related to housing and to own and implement the housing policy. To form the NHA, the national Assembly approved the National Housing Authority (NHA) Act. 2000 and in accordance with the act, NHA was formed by merging Housing and settlement Directorate (HSD) and Deputy Commissioner Settlement (DCS) office. So the formation of NHA was a visible outcome of National Housing Policy 1993. Another initiative to ensure conducive institutional framework was the formation of an umbrella organization for private real estate developers named Real Estate and Housing Association of Bangladesh (REHAB) in 1991. The prime role of REHAB is to protect the interests of both the housing developers and the customers.

Though it is argued that fundamental enabling housing strategies have not been implemented, the activity of private developers increased exponentially during the 1990s. In 1990 the number of flats supplied by private developers was only 380 while in the year of 2000 the number reached at 20696. Nevertheless the market supply only served the high income people in absence of proper state interventions in market enabling perspective (Farzana, 2004). By the year 2000, the uncontrolled and unregulated real estate market specially the land developers started to be involved in illegal acquisition, subdivision and filling up of wet lands and water bodies in the periphery of the city which stimulated the adoption of rules and acts like the Playground, Open Spaces, Gardens, and Water Bodies Conservation Act in 2000 and the Private Residential Land Development Rules in 2004. Subsequently when the price bubble in real estate market during 2000 to 2010 encouraged copious new developers to enter in the market, several incidents of fraudulence were reported. Both the land owners and buyers suffered from the closure of the projects by such fraud developers. Such double-dealings also affected the business of the genuine developers in the market due to lack of trust of the land owners and buyers (Key Informants' Interview, 2019). To uphold the interests of the stakeholders in the property market, Real Estate Development and Management Act was introduced in 2010. The application and impacts of these laws are discussed in section 6.3.3.1.

The current housing policy was approved by the cabinet in the year 2017. The latest policy has again emphasized the role of the state as facilitator rather than direct provider. According to the policy the state should ease the supply of housing land for the private sector through infrastructure development, acquisition and use of fallow public lands. It also focused the research works by the state agencies to invent low cost construction materials and methods to support low and middle income housing

and also suggested the reduction of stamp duty, transfer and registration fee to reduce the housing cost of these group. Being in line with the neoliberal housing philosophy, this policy discouraged the provision of rental housing for the employees of the government and autonomous agencies and recommended ownership through hire purchase basis. The new neoliberal concept of housing provision added in the latest policy is the adoption of Public Private Partnership schemes through the joint venture between the state and local or foreign developers where the most prominent job of the state should be to allocate suitable land for housing.

6.3.2.2. Institutional Arrangement for Land: Roll-In Phase

In the roll-in phase of neoliberalism, the state's roll suggested by National Housing Policy 1993 was to intervene, with an enabling capacity, in the land market, to ease the impediments in land supply and transfer of land. In absence of effective planning and implementation of development controls, the city sprawled out grabbing agricultural land, wetlands and water bodies. Due to the lack of land-use planning and control, formal and informal housing settlements continued to crowd into space along with industrial, commercial and institutional uses (GOB, 2005). Against this backdrop, the government approved a National Land Use Policy in 2001. Adopted by the Ministry of Land, the land use policy emphasized the termination of high conversion of agricultural land and the environmental sustainability of land-use practices. However, in a Actionable Policy Brief in 2004, the government indicated the difficulties in National Land Use Policy implementation. The difficulties were due to the scattering land administration responsibilities among many different ministries (Ministry of Agriculture, 2006).

The state has showcased some other regulatory initiatives in roll-in phase by adopting

the Water Body Conservation Act 2000 and the Real Estate Development and Management Act 2010. These acts were formulated to control the aggressive encroachment of water bodies by land developers and uphold the interests of land owners, buyers as well as developers in real estate projects. However, the implications of such acts are controversial (Key informant interview, 2019).

In Dhaka City, the distribution of land reflects a high degree of inequalities. Thirty percent of population from upper and upper middle income group occupy 80% of residential land whereas the remaining 70% households accommodate themselves on only 30% of land in overcrowded situation (Shafi and Payne, 2007). The enabling role of the state as suggested by the World Bank is to intervene in the market to ensure accessibility and secure tenure of land by easing the constraints through efficient land administration. To ensure equity in land ownership, state initiatives might include: 1. Efficient distribution of state owned land; 2. Appropriate land ceiling to control land speculation; 3. Imposing of tricky property tax to encourage housing (Key Informant Interview, 2019)

In spite of several policy adoptions and initiatives, the distribution of Khas land or abandoned land in Bangladesh has never been successful and achieved the objectives of reducing the social disparities. Rather, the most redistributed land has been grabbed by the powerful elites (Barkat, 2004; Momen, 1996). In absence of claimants, residential land parcels in Dhaka which are within the category of vested property have been released to public housing authorities for housing development. Most of the time the purpose of such housing was to provide rental housing for government employees and very often to sell to individuals which always served the upper income households only (Key informant interview, 2019)

Land reform through appropriate land ceiling has never been prioritized in Bangladesh. The Land Reforms Ordinance 1984 has set a ceiling for rural land but mentioned nothing about urban land holding. Though a ceiling of five katha (0.08 acre) on land holding in metropolitan cities was recommended by land reforms committee in 1982, it has never been realized (Alam, 2018). According to an interviewed housing expert, the members of the parliament as well as the political leaders are mostly from rich, landed families and because of that are reluctant to adopt effective land reform policies. Moreover, even if the leaders may or may not have had a hand in grabbing land and water bodies, they are reluctant to take actions against the land-grabbers due to patron-client relations (Housing Expert 10, Appendix 4.2). RAJUK has a policy to restrict the ownership of more than one plot in RAJUK developed residential areas. However, in practice the policy is seldom followed. A study done by Alam (2018) shows that there are many plot owners who own more than one plots in residential areas developed by RAJUK or NHA.

Absence of efficient property tax structure, proper assessment of property tax base, and efficient tax administration are responsible too for the disparities in property ownership in Bangladesh. Imposing progressive tax system for vacant land could discourage the holding of land for speculation which remains as an important reason for the ever increasing land price in Dhaka. Promotion of housing through developing a proper tax base was a fundamental objective in all the successive housing policies of Bangladesh. But any efficient tax instruments specific to Dhaka have never been formulated and imposed here (Farzana, 2004).

Amidst all the negative connotations, one sign of hope in respect of land administration is that projects have been taken very recently by the Ministry of Land

for digitizing the Mouza maps and Khatians and to provide Digital Land Management System for city corporations (Ministry of Land Website).

6.3.2.3. Institutional Arrangement for Housing Finance: Roll-in Phase

The private housing finance companies started to operate in Bangladesh after the enactment of the Financial Institutions Act in 1993. Currently, there are twenty-five private companies offering housing finances in Bangladesh. These companies provide loans for purchasing flats, constructing houses and a few provide loan for purchasing residential plots too.

The enabling strategies recommended by the World Bank include the rationalization of subsidies. In the housing finance sector, the BHBFC enjoyed access to lower-cost funds which made BHBFC mortgage cheaper than others in the market. Such scope to provide subsidized mortgage distorted the market and inhibited the development of private mortgage industry. Moreover, there is evidence that the average income level of the clients of BHBFC, who get subsidized loans, is not lower than that of the private lenders' clients (Hoek-Smit, 2000). Hence the problems of such subsidies were aggravated by the irrational selection of clients. In 2001 BHBFC has lost its access to lower-cost government fund and since then its mortgage volume has declined, and its market share dropped from 48 per cent to 40 per cent in just two years from 2001 to 2003 (Green and Wachter, 2007). However, the state just recently has again introduced subsidized loans for government employees. The possible implications of this initiative have been discussed in Section 6.3.3.

6.3.2.4. Development Guidelines: Roll-in Phase

Physical Planning: Since 1993

Though the strategy plan of DMAIUDP was prepared to guide the development till 2001, the lack of implementation of the plan proposals and consequently the

uncontrolled development of the city stimulated the initiation of the Dhaka Metropolitan Development Plan (DMDP) project by RAJUK in the early 1990s. Like before, the project was undertaken by an expatriate group, Mott Macdonald in association with Culpin Planning Ltd. The project included the preparation of three hierarchical plans. Those were the Structure Plan, the Urban Area Plan, and the Detailed Area Plan. But, due to some technical reasons, the project was terminated in 1995 without completing the Detailed Area Plan.

The structure plan of DMDP provided long term (1995-2015) strategies to guide the development of a greater Dhaka with an area of 1528 sqkm (DMDP, 1995). Whereas the DMDP Urban Area Plan (UAP) provided a mid-term strategy (1995- 2005) to guide the development within RAJUK administrative boundary.

In contrast with previous master plans, the UAP assumed that with the implementation of the Flood Action Plan, the vast low lands in the east and west periphery of the city will be flood free and expansion of the city would happen there encroaching the suburban, rural and agricultural lands. The plan also recommended the construction of more highways and roads to connect the peripheral area with the city which ultimately encouraged sprawling and might open up the scope for private land developers to grab acres of lands in the peripheries for speculation (Zaman and Lau, 2000). The suspended preparation of DAP was resumed again in 2010 when the real scenarios had already changed. The proposal made in DAP to convert the areas in the east and west peripheries demarcated in the structure plan as 'agricultural', 'water bodies' or 'flood flow zones' into 'urban residential' or 'mixed use' area indicates its motif to accommodate the unplanned development that already happened in the peripheral areas by the uncontrolled and unregulated market operations. However, such

misguided initiatives, of both UAP and DAP, to release vast area to be developed as residential lands did not contribute to housing provision due to the lack of appropriate guidelines to regulate the market, rather created scope of land speculation for the land grabbers.

RAJUK has prepared new Structure Plan and Detailed Area Plan for 2016-2035 as the previous plans expired in 2015, with most of the promises made therein left unimplemented. The new plans have been prepared by national and international consultants under the Asian Development Bank-funded Regional Development Planning Project.

The structure plan for Dhaka (2016-2035) has made several recommendations to increase the supply of affordable housing. The construction of high rise (10-12 storied) public rental housing projects for low-income people near working place, and around Transit Oriented Development areas, demolition of dilapidated public quarters and rebuilding of high rise apartments for government employees, providing housing for low and middle income households on long term hire purchase basis have been included in the plan to increase the provision of affordable housing. However, the role of the state has been made confusing in the plan. In context of increasing overall supply of housing it recommends the role of public agencies as facilitator instead of housing provider. While to increase the supply of low and middle income housing, the role of these agencies has been indicated as provider which is not in line with the neoliberal philosophy (RAJUK, 2016).

The DAP, which is still awaiting for approval, has suggested the reclamation of over 2,500 acres of agricultural land and flood flow zones from the control of private land developers, relocation of 3,000 industries and termination of sixteen development

projects. Such suggestions indicate the regulatory attitude of the state to reverse the damage to the city and its periphery by illegal occupation of flood flow zones and agricultural lands done by the open market economy. Another significant suggestion of DAP regarding housing is the height zoning for already developed residential areas to control density. However, according to developers, such regulation will certainly increase the price and rent of apartments, which would make housing more unaffordable for MIHs (Key Informant Interview, 2019).

Economic Planning: Since 1993

The Fourth Five Year plan was designed to attempt the external agency's structural adjustment prescriptions targeting at economic growth. In the FFYP (1990-1995), the Government acknowledged that it could not meet the housing demand of all because of its meager resources and direct provision approach. So, to uphold the role as an enabler, it decided to intervene only in the provision of serviced land and to arrange finance.

Following the trend of neo-liberalism adopted internationally, Fifth FYP provided a distinct policy guideline for private sector for the first time in the history. Formulation of different housing policies for the public and private sectors reflects the political commitment to enabling market strategies.

As mentioned before in Chapter 5, due to the rising criticisms of neoliberal approaches, the perceptions of external agencies have experienced a significant transformation globally over the past decades. Due to such transformations of global agenda, the policy environment of our country has faced transformation too (Parnini, 2009). Instead of the SAPs, in recent decades, a number of new strategies like sector-wide approaches (SWAPs) and Poverty Reduction Strategy Plans have been trialed.

To address the long term development challenges for achieving the status of first stage middle income economy, in 2010, the Government adopted the Vision 2021. The implementation of Vision 2021 has been targeted to be done through two medium term development plans (Sixth: 2011-2015 and Seventh Five Year Plan: 2016-2020).

The new focuses of recent economic plans in respect of housing are the initiatives to develop sound real estate market that may even serve the lower income people. The policy guidelines include the restructuring of House Building Finance Corporation and encouragement of private sector housing financiers to provide mortgage for low income households; increased role of NGOs in housing provision; efficient land management by the state control over land markets and the introduction of economic incentives and disincentives (such as imposition or exemption of taxes) to encourage land development to increase access to housing land as well as housing.

6.3.3. Role of the State in Roll-In Phase

In this section the roles of the state of Bangladesh in roll-in phase where it is prescribed that the state should facilitate the market to perform efficiently and provide housing for all income groups. The facilitating role of the state might include market regulation to eliminate the barriers to entry, to break up the monopolies; provision of infrastructure to increase land supply for residential development; promotion of mortgage market by innovative institutional arrangements to extend the access of the limited income group and the most prominent role in neoliberal era is the assurance of easily tradable and transferable private property rights through efficient land cadastral and registration system. Market enabling approach recommends that the state should use subsidy only when other mechanisms fail. Subsidies must be well targeted and transparent otherwise it might distort the housing market (World Bank, 1993). In light

of the recommended market enabling roles by the World Bank, the following sections discuss the current situation where the housing experts' views have also been included to analyze if the state's interventions match with the enabling approach or contradict.

6.3.3.1. Regulator: Resulted in Crony Capitalism

Any building and construction activities in Dhaka are guided by regulatory framework for individual buildings and the development guidelines at city scale. To guide the development there is Bangladesh National Building Code (BNBC) 2006 at individual building level and Dhaka Metropolitan Development Plans (DMDPs) at city level. Most of these guidelines are adopted and monitored by RAJUK. After the 1990s, as the outcome of many deceptions in apartment projects, the state started to intervene in the real estate market as regulator and adopted Real Estate Development and Management Act, 2010. Another act adopted after 1990s is the Water Body Conservation Act, 2000 which was formulated to protect the low lands and water bodies from the grip of residential land development projects and was in line with the sustainable development approach embraced worldwide by this time.

The outcomes of structural adjustment policies promoted in the 1980s were generally unsatisfactory (Khan, 2005). Significant liberalization and privatization programs were introduced in some developing countries with the claim that public sectors are corrupted and inefficient. However, such deregulation could not bring any apparent reduction in rent seeking anywhere. Increase in corruption and rent seeking was observed in almost every country where liberalization was introduced (Khan, 2005). It is also evident in the real estate sector of Dhaka where public agencies are responsible for development regulations. The cumbersome process of controlling the development is not doing any benefit for the end user. Rather illegality is being

formalized through rent and patron-client relations (Sarker, 2007). Subsequently cronies are being evolved who dominate the market and can even manipulate the planning rules and public development agencies' decisions. The dominance of business families in economic and political power share in Bangladesh, as discussed in Section 5.1.3 coincide with the developmental states like Japan or South Korea where statism and neoliberalism coexisted and state regulation in economic sector gave rise to business families that had close association with the regimes (Hundt, 2015; Johnson, 1982; Beeson, 2007).

In real estate sector both the housing and land market is dominated by few large developers. However, acute illegitimacies are mostly being observed in land sector. Three interweaved groups are there to protect the interests of the crony developers. Public regulatory agency RAJUK, developers' association REHAB and local political leaders are working through mutual benefits to legalize real estate activities which violate the planning and development rules. According to a study by Morshed (2014), none of the land development projects inside Dhaka metropolitan area complied with the landuse plan of DMDP, which was formulated in 1995 to guide the expansion of Dhaka till 2015. The study also speculated that after 2015 the developers will force the alteration of DMDP. As this is the only possibility of legalizing their illegitimate activities (Morshed, 2014). The speculation has already been proven by the preparation of Detailed Area Plan (DAP) which is the third tire of DMDP and must be in accordance with the policies stated in DMDP structure plan. But there were some gross contraventions of structure plan's policies in DAP as mentioned in Section 6.2.2.4. DAP has changed the land use proposed in DMDP by declaring most of flood flow zones and agricultural lands as residential. Such anomalies also contradict the Water Body Conservation Act, 2000 or the Bangladesh Environment Conservation

Act, 1995.

For better understanding, the illegal land development activities, of a most prominent crony, Bashundhara Group, are discussed in this section. The Bashundhara Group started with land development projects and has become one of the most powerful and influential corporate groups in the country, with the capacity to manipulate state agencies' decisions. Bashundhara Group started to buy lands since the late 80s for the project. However, around 80% of land was forcefully acquired and it was identified by a study that almost 50% of land transfer occurred through commissioned land registration between 12.00 a.m. to 5 a.m. This crony developer has filled up the flood flow zones and water retention ponds demarcated in the area by DMDP (1995-2015). RAJUK was not only failed to uphold the rules, but was among a number of state agencies in which, it is suspected that, some individual officials had collaborated with criminal parties engaged in land grabbing, allowing the guidelines to be violated. There are numerous allegations of illegal acts against the chairman of Bashundhara Group. A case was filed on 25th July of 2007 against him during the state of emergency for dodging income tax of BDT 82.6 million between 2004 and 2007. There was another case filed against the chairman and his son for giving bribes to the son of preceding prime minister and the preceding home minister for covering up the murder of one director of the group. However, after the end of emergency state, all the cases were dismissed due to the lack of evidences (*The Daily Star*, March, 2015).

According to a study by Transparency International Bangladesh, not a single application for planning approval proceeds without any inducement. The inducement would be bribe or political influence and usually each case involves huge amount of money transaction (TIB, 2007). Hence the failure of the regulatory framework caused

by corruption and rent seeking, along with the clientelism have resulted in crony capitalism in real estate sector too where oligarchs like Bashundhara group is making money by utilizing corrupted individual officials who in turn are profiteering by rent-seeking (Mujeri, 2018).

6.3.3.2. Provider: Irrational Subsidization and Accumulation by Dispossession

Despite the government's constitutional commitment to ensure housing for all, subsidized sites and services plots provided by state agencies turned into posh residential areas and staff housing monopolize the main public housing programs in Bangladesh.

RAJUK developed Dhanmondi, Gulshan, Banani, Baridhara, and Uttara residential areas for upper middle income people of the Dhaka city. In reality, in majority cases, RAJUK provided residential plots at much below market prices to politically influential and higher income groups (Chowdhury, 1992). Rahman (2001) argues that, RAJUK has been operating in the housing market as a typical real estate company with the privilege of having power of acquiring land as a public agency. RAJUK is also accused for serving the interests of the rich and powerful in the name of all income populations (Islam, 2005; Islam, 1996). Besides sites and services schemes, RAJUK has also taken projects to provide apartments for individuals in different areas of the city. However, according to Haque and Akter (2016), Akter (2013), and Hossain (n.d.), all of them eventually would end up benefiting the upper middle- and high-income households only due to faulty allocation criteria and procedure of plots and flats.

The Site and Services Schemes of public agencies are mainly carried out by acquiring the peripheral lands of the city which are mostly occupied by peasant farmers or low income people (Morshed, 2014). The payments to affected people are rarely delivered

on time due to extremely cumbersome process of land acquisition involving around twenty-two steps and multiple government bodies and agencies. Even when they are delivered, in most cases, the affected person does not get the full amount due to well-known corruption (CARE, 2003). Therefore, the state agencies are causing the dispossession of property of the poorer section of population without proper compensation while helping the richer group to accumulate property at subsidized rate.

6.3.3.3. Facilitator: Only Benefited the Well-offs

In the era of neoliberalism, the most prominent role of the state should be to facilitate the market to work efficiently through breaking the monopolies. This section describes the role of the state as facilitator which has benefitted only the higher income people.

Use of undeclared money There was a section 19B inserted in the year 1999 in the Income Tax Ordinance 1984. According to the new section of the ordinance, one can buy residential buildings or apartments by one's untaxed or undeclared money and convert this black money into white by paying the property transfer taxes. Section 19B also declared that the source of invested money would not be investigated by any anti-corruption agency or National Bureau of Revenue. This law benefitted the black money holders from high income group and made the property market unstable. The decade from 2000 to 2010 witnessed sharp increase in apartment prices, especially rising at an exponential rate from the year 2006. Such a sharp rise in property price would be due to the increased demand from sudden injection of black money in the market (Key Informant Interview, 2019). Hence such initiative of allowing undeclared money to be invested in property might be stimulus for the market, but detrimental for the provision of affordable housing.

Subsidized home loans According to World Bank's market enabling prescriptions,

the state should avoid subsidized and directed credit toward housing. In Bangladesh, however, the state owned housing financier BHBFC was funded by the state Treasury. The organization received BDT 1100 million as capital from the state till 1992 and afterwards it raised fund by selling government bonds of BDT 1,8640 million to different banks. Afterwards, the state again sanctioned loan of BDT 5000 million at a rate of 3% in the year 2018. Though the stated motto of BHBFC is to provide housing loans to low- and middle-income households, it never tried to benefit the target group efficiently. The allocation process of the subsidized loan provided by BHBFC was political, rather than financial (Rahman, 2008). According to Hoek-smith (2000), it mostly served the higher income households. Subsidized loans are being provided to the households who could otherwise participate in the private market without assistance. Moreover, such interest rate subsidy systems distort the market which makes it difficult for private mortgage financiers to enter and operate in the market (Rahman, 2008).

In last year, the state took another initiative of providing housing loan at subsidized rate to its employees. Since 2018 the government employees are eligible to get home loan at 5% interest rate which is quite lower than the market rate. Four public commercial banks and BHBFC are assigned to provide home loan at subsidized rate to the government employees. Home loan at subsidized rate might be positive for the housing market as it boosts up the demand but simultaneously it helps increasing the property price too which affect the affordability of the limited income households who remain outside of such home loan schemes.

Registration of Undivided and Un-demarcated share of land during the late 80s when private developers started to operate in the market, they faced the difficulties in

transferring ownership to the apartment buyers of the land on which the apartment project is developed. From the interviews with the developers, active in the market since 1980s, it was revealed that with the advocacy of pioneer developers the law of registering undivided and un-demarcated land to the apartment buyers was established by the state.

Relaxation of development regulations it is evident from several studies (Farzana, 2016; Nahrin, 2008, Shumi, 2006; Nancy, 2004) that, in case of Dhaka, there are instances of modification of landuse plan, height zoning, etc. often advocated by the developers to accommodate ever increasing population of Dhaka through densification. Since the private market is still serving the high income and upper middle-income group of people, such facilitating roles of the state have benefitted only well off people of the society.

Public Private Partnership (PPP) has been considered as the last resort in the provision of services in neoliberal economy due to dwindling financial capacity of the state and unaffordable services resulted from full privatization (Bult-Spiering and Dewulf, 2006; Savas, 2000). Hence the latest role of the state as facilitator is to take initiative for housing provision through public private partnership which has also been recommended in the policy guidelines adopted in Bangladesh. Bhashantek Rehabilitation Project (BRP) was a PPP project initiated in 2004 in Mirpur for constructing 111 six-storied buildings for rehabilitating the evicted squatters.

The project was designed to deliver 13,000 flats within five years. However, the developer's contract was cancelled with only 10 buildings completed in October 2010 on the ground of corruption in construction and distribution of flat and failure to deliver the flats on time. The project was handed over to the National Housing

Authority and, abandoning the plan of rehabilitation, the land has been decided to be utilized for the provision of housing for government employees (Akter, 2013).

The first ever PPP initiative for housing provision in Dhaka was not successful due to the lack of transparency in appointing the private developer which in turn resulted in mismanagement and corruption in the scheme. Moreover, the project failed to accommodate the demand and aspirations of the target group in designing affordable and sustainable dwelling units (Akter, 2013). There are many other PPP schemes of NHA and RAJUK in the pipeline. The outcome of the schemes depends on the implications of lessons learned from BRP.

6.4. Conclusion

Housing in Dhaka is not a discrete phenomenon rather it has been shaped by development and planning approaches adopted in Bangladesh. After liberation, the socialist state planned to ensure housing for all through direct provision, however, due to resource constraints the initiatives were insignificant comparing the housing needs. The political economic change since the end of 1970s guided the state to withdraw its role as provider and left the responsibility of housing provision to the market. Since the beginning of 1980s private developers emerged in the housing sector and started to provide housing at a very small scale. The neoliberal era that started with SAPs in the early 1980s can be divided into roll-out (total withdrawal) and roll-in (market enabling) phases based on the role of the state prescribed by the international agencies. In roll-in phase the state did come up with World Agency advocated neoliberal housing policy, institutional reforms and some guidelines to regulate and facilitate the market. However, the initiatives taken by the state in the name of market enablement never helped or regulated the market to go downward to provide housing in large scale

for middle income households. Rather the failure of the regulatory framework caused by corruption and rent seeking, along with the clientelism have resulted in crony capitalism that also influence the real estate sector of Bangladesh where oligarchs like Bashundhara group is making money by utilizing corrupted individual officials who in turn are profiteering by rent-seeking using the monopoly or oligopoly.

As facilitator, most of the interventions made by the state are developers advocated and only supporting the interests of developers and HIHs. The state's decision on allowing undeclared money to be invested in real estate has been detrimental for MIHs by increasing the apartment prices.

The state agencies never stopped its role as provider of serviced plots to individuals and recently started apartment projects too which ultimately are benefitting the higher income households only and contradict with the national housing policies of Bangladesh where the role of the state is emphasized as the enabler of the market. According to the housing policy the state would act as provider only for the households who would never be able to access the formal housing market.

The new addition to housing policy is the PPP for the provision of housing (GoB, 2017). However, the first ever PPP project for housing provision have failed to show any rosy picture due to the inefficiency and corruption of the state agencies at every stages of the project.

Chapter 7

NEOLIBERAL REAL ESTATE MARKET AND MIH PROVISION IN DHAKA

7.1 Introduction

Housing scenario of Dhaka as described in Chapter Two is characterized by shortages of housing units, dominance of rental accommodation, poor quality and lack of affordability. Neoliberalism has aggressively affected housing provision of Dhaka and ultimately resulted in housing affordability crisis in the capital Dhaka which have been discussed and reasoned in previous two chapters. The neoliberal housing market has been providing housing since 1980s in Dhaka but, in the absence of appropriate enabling public institutional framework, has failed to provide affordable housing at mass scale for MIHs. The aim of this chapter is to find out and discuss the barriers that constrain the affordable housing provision through market from the perspectives of both housing experts and corporate developers who have been interviewed by the author. The constraints in respect of public institutions will be cross checked through the opinions made by the officials at the decision-making level of public sector housing provider as well as regulatory institutions.

Before starting the discussions on the constraints, to realize the constrained MIH provision through market, the neoliberal character of real estate market in Dhaka, its performances, MIHs and MIH provision status from the market, and clients of the apartments have been described in sections 7.2 to 7.4 based on the summary of previous chapters, opinions of housing experts and statistics on apartments currently offered in the market.

7.2 Neoliberal Real Estate Market in Dhaka

As described in Chapter 5, neoliberalism effects in every sector contributed to the migration figure to the capital Dhaka from both other cities and villages. Due to both the migration and neoliberal privatization a neoliberal real estate market has emerged in Dhaka since the 1980s (Section 5.3.5). according to the discussions in Chapter 2 and 5, in spite of nearly three decades' operation, the housing market in Dhaka is still catering only the high income segment of population. Both the demand and supply side constraints have resulted in a HIG targeted property market that does not cater the majority of people living in Dhaka. The following sections will discuss these constraints from housing experts and developers' points of view. Opinions of professional from state agencies involved in housing provision will also be encapsulated here to validate each. Before that, the interviewees' perceptions about how well the state has realized the philosophy of neoliberalism in housing sector have been presented under Section 7.2.1.

7.2.1 State and Market Interactions in Neoliberalism and its Impact on Housing Provision in Dhaka: Experts' Opinions

According to neoliberal philosophy, the state should play the role of enabler of the market and an efficient market will provide housing for all segment of people according to demand. This section describes the housing experts' opinions regarding compatibilities and contradictions of existing housing provision systems in Dhaka with the neoliberal prescriptions. The interviewed housing experts were asked about the impacts of neoliberalism in our country and specifically in Dhaka and the compatibility of the housing policy of Bangladesh with neoliberalism and its implications both in state interventions and market mechanisms.

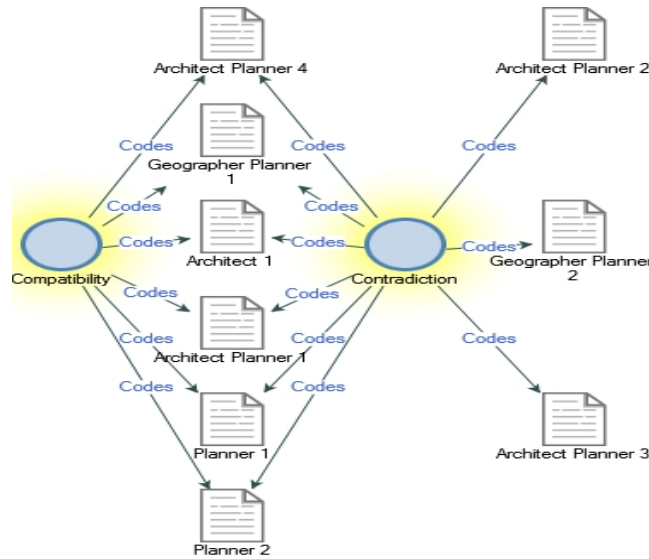


Figure 7.1: Housing experts making comments on ‘compatibility’ and ‘contradiction’ of neoliberal philosophy and current practices of housing provision in Dhaka

Source: Based on interviews; generated using NVivo 12

Most of the interviewees believe that the housing policies of Bangladesh are truly neoliberal in nature since they are imposed by international agencies as neoliberal projects. However, in question of compatibility of existing housing practices with policies, nine out of ten housing experts think there are contradictions between the policies and real scenarios (Figure 7.1).

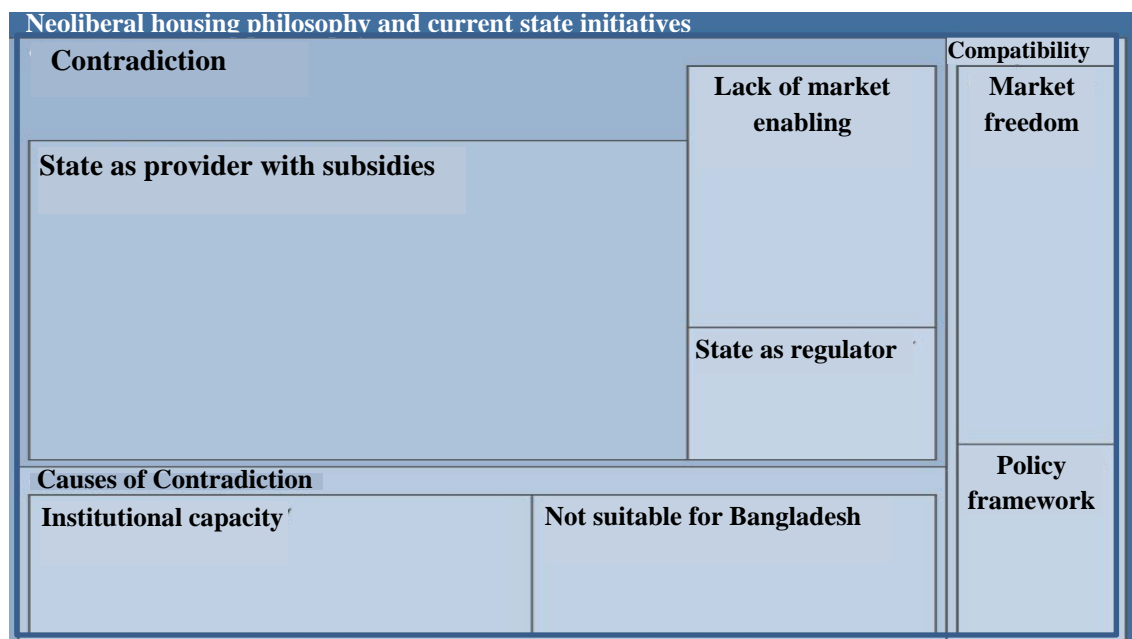


Figure 7.2: Hierarchy of codes in examining the relation of Neoliberalism and housing provision in Dhaka

Source: Author, generated in NVivo 12, 2019

Figure 7.2 shows the hierarchy of codes under the theme ‘Neoliberal philosophy and current state initiatives’. The hierarchy is represented here by the areas of rectangles according to the frequencies of codes referred by the interviewee. According to Figure 7.2, contradictions are due to debatable roles of the state agencies where the role of the state as provider for higher-middle and high-income households at subsidized rate in the forms of plots and apartments are criticized most. Moreover, they think that the state agencies have failed to play their market enabling role properly due to lack of good governance and rather they are creating market constraints as regulators sometimes (Figure 7.2 and Table 7.1).

Table 7.1: Code list under the theme ‘Neoliberal housing philosophy and current state initiatives’

Name of Codes	No of interviewee referred the code	Frequency of References
1 Neo-liberal housing philosophy and current state initiatives	10	59
1.2 Causes of Contradiction	7	9
1.2.1 Institutional Capacity	4	5
1.2.2 Not suitable for Bangladesh	4	4
1.3 Compatibility	6	6
1.3.1 Market Freedom	4	4
1.3.2 Policy Framework	2	2
1.4 Contradiction	9	20
1.4.1 Lack of Market Enabling	1	2
1.4.1.1 Good Governance	1	2
1.4.2 State as Provider with Subsidization	9	13
1.4.3 State as Regulator	1	2
1.5 Outcome of Neoliberalism	7	24
1.5.1 Affected Nature	2	3
1.5.2 Corruption	2	2
1.5.2.1 Market force manipulate the rules	1	2
1.5.2.1.1 Most of the MPs are businessmen	1	1
1.5.2.2 Nexus among private sector actors, govt. employees and mafia	1	1
1.5.3 Crony Capitalism	1	2
1.5.4 GDP growth	1	1
1.5.5 Housing Shortages and Income Inequalities	4	13
1.5.6 No positive outcome due to lack of preparation	3	3

Source: Generated in NVivo 12, 2019

The causes of contradictions were mentioned as the lack of institutional capacity of the state agencies related to housing as well as some experts think that neoliberalism is not suitable for an economy like that of our country where market did not grow well due to provincial discrimination by West Pakistan until the liberation. Hence it is not rationale to expect compatibility to a great extent. Comparatively short conversations of the interviews covered the compatibility of housing provision systems and neoliberalism where market freedom and policy framework were mentioned as the indications of compatibility (Figure 7.2).

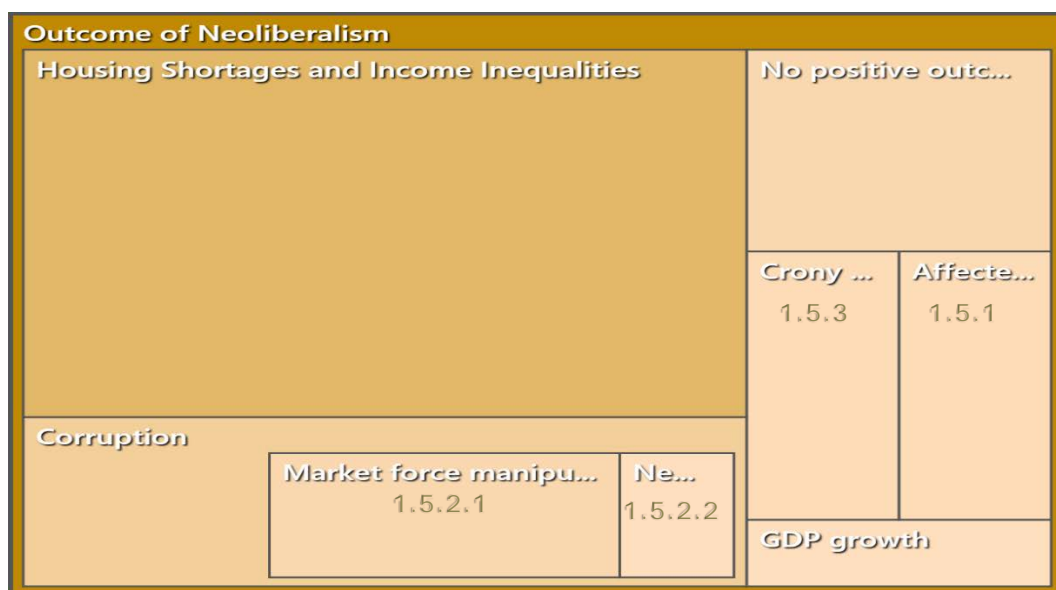


Figure 7.3: Hierarchy of codes in examining the outcome of Neoliberalism in Dhaka (see the Table 7.1 as reference)

Source: based on interviews, generated in NVivo 12, 2019

Regarding the impacts of neoliberalism, the interviewees mentioned several outcomes most of which are negative except the growth in Gross Domestic Productions even though the positive implications of which are obscured by income inequalities. Dearth of positive impacts of neoliberalism is mainly attributed to lack of preparations in terms of institutional capacity to enable and monitor the market before adopting neoliberal policies or leaving the housing provision in the hand of the market (Housing Expert 8, Appendix 4.2). The most prominent negative outcome of neoliberalism is

the income inequalities and housing shortage (Figure 7.3) which goes with the neoliberal housing provision characteristics in Dhaka described in Chapter 5 based on the theoretical framework developed in Chapter 3 from literatures on different categories of countries spreading from the west to the east of the world (Chapter 3 and 5). Second significant outcome is the corruption which was viewed by an interviewee as the nexus among private sector actors, government employees. Others think that because of the businessmen dominant parliament, market force can easily manipulate the government rules that open up the ways of corruption. Crony capitalism (described in Section 6.2.3.1 of Chapter 6) which has been mentioned as another negative impact is also related to corruption. The activities of neoliberal real estate market are also affecting the nature by grasping the water bodies and agricultural land in the periphery of Dhaka (Table 7.1).

7.3 Neoliberal Real Estate Market Performance

Before going to the discussion about the provision of MIH through the market, the discussion with the housing experts covered the topic ‘performance of neoliberal real estate market in Dhaka’. The comments made by almost all the housing experts (Figure 7.4) include several features of current market performance, most prominent of which, according to share of conversations with the interviewees, are crony capitalism, lack of professionalism of the developers, and high-income group targeted housing provision.

Hierarchy of codes under the theme ‘market performance’ according to number of coding references is shown in Figure 7.5 while the detailed list of codes is given in Table 7.2 for better understanding. All the characteristics of current neoliberal market except crony capitalism are described here. The most significant feature ‘crony capitalism’ will be discussed in Section 7.3.1.

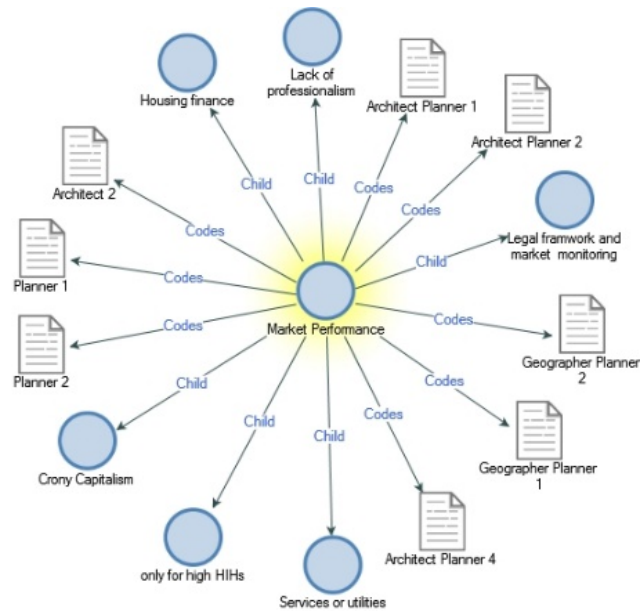


Figure 7.4: Performance of Neoliberal Real Estate Market: Housing experts' concerns

Source: Generated in NVivo 12, 2019

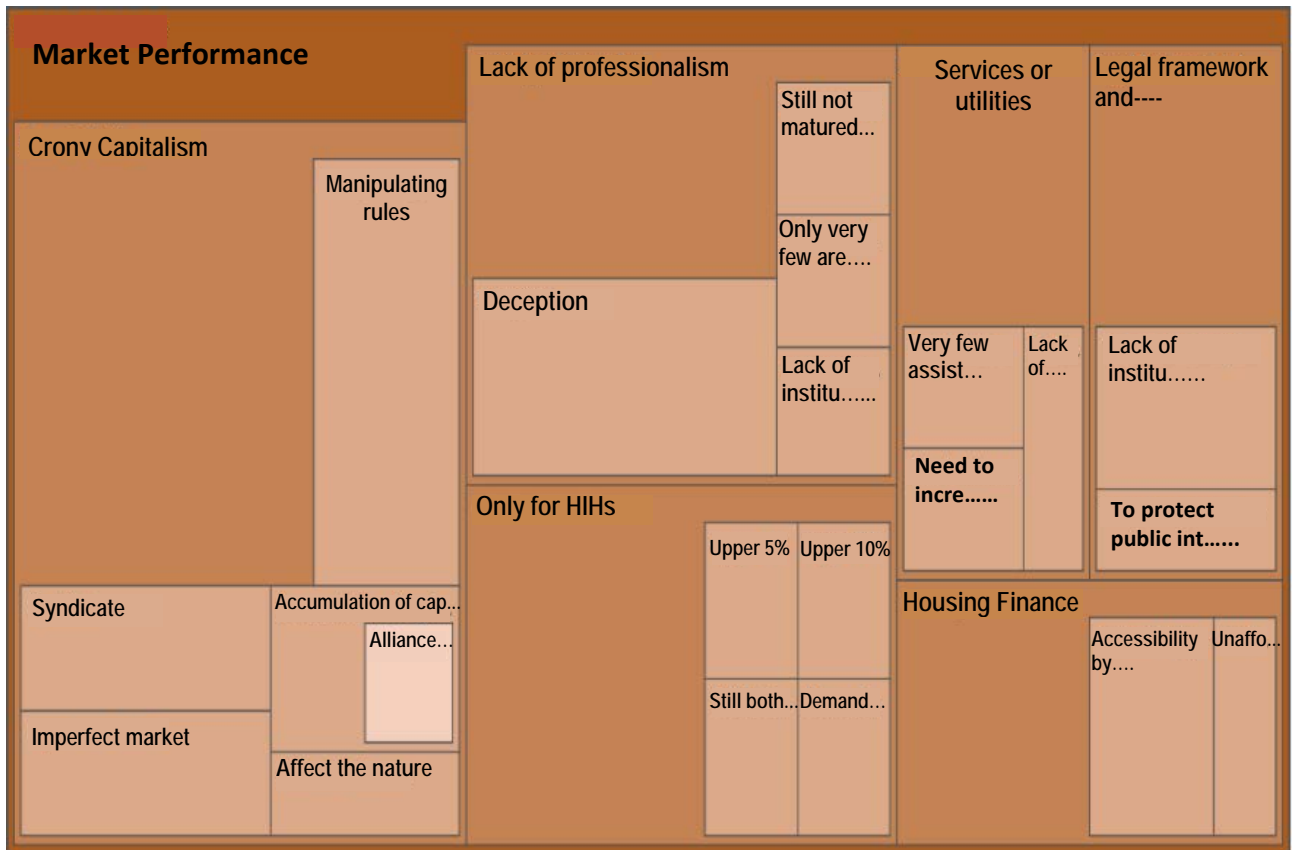


Figure 7.5: Hierarchy of codes in analyzing market performance (below)

(see Table 7.2 for coding references)

Source: Generated in NVivo 12, 2019

According to the interviewees, the neoliberal housing market is still targeting only the high-income households (HIHs). This topic was discussed five times (reference number) during the conversations with the interviewees. Market is providing housing only for upper 10 percent of population who are HIHs. However, both the HIHs who are the buyers in this market and the developers are not satisfied here. Buyers are complaining about the high price comparing the quality and developers are complaining about insufficient profits due to market constraints especially due to extremely expensive housing lands (Housing Expert 9, Appendix 4.2). Though the market is targeting only the HIHs, still this market would never be saturated due to newly generated demand from freshly graduates who are being appointed in multinational companies with a salary as high as three lakh BDT or newly formed households where both husband and wife together earn more than BDT 0.3 million a month. So, market is analyzing such demands either scientifically or as per perception (Housing Expert 1, Appendix 4.2).

The lack of professionalism was mentioned by three interviewees and referred four times during conversations. The deceptive activities of some developers have contributed most to develop such perception of the interviewees. Other than few trustworthy large-scale developers there are mushroomed developers who even cannot complete one project successfully. Such developers, due to lack of financial capacity try to complete the apartment project with installments of the buyers. In case of unsuccessful attempts to sell apartments before construction and defaulter buyers, sometimes such apartment projects of first-time developers take extremely lengthy duration to complete and sometimes the developers even disappear leaving the project undone. In such cases, both the owner of the land, where the project was incepted, and the buyers of the apartments endure significant financial losses (Housing Expert 4,

Appendix 4.2). According to a housing expert the market is still not matured enough to handle all the aspects to ensure perfect professionalism as for example very few well established developers provide assistance in property transfer which is a complicated procedure in respect of Dhaka.

Other features of neoliberal housing market are unaffordable housing finance which are accessible only by the well offs due to difficult terms and conditions. The households who really need home loans cannot access the available financial services. The market also lacks appropriate legal framework, to control deceptions and uphold public interests, and required utilities, services and infrastructure that constrain the land supply as well as the quality of life.

Table 7.2: List of codes under the theme ‘market performance’

Name of Codes	No of interviewee referred the code	Frequency of References
1 Market Performance	8	38
1.2 Crony Capitalism	4	18
1.3 Housing finance	3	3
1.3.1 Accessible by well offs	2	2
1.3.2 Unaffordable	1	1
1.4 Lack of professionalism	3	4
1.4.1 Deception	3	4
1.4.2 Lack of Institutional coordination	1	1
1.4.3 Only very few are trustworthy	1	1
1.4.4 Still not matured enough	1	1
1.5 Legal framework and market monitoring	2	3
1.5.1 To control corruption and deception	1	2
1.5.2 To uphold public interest	1	1
1.6 only for high HIHs	2	5
1.6.1 Demand in this segment never saturated	1	1
1.6.2 Still both providers and customers are unhappy	1	1
1.6.3 upper 10%	1	1
1.6.4 upper 5%	1	1
1.7 Services or utilities	3	3
1.7.1 Lack of Neighborhood services	1	1
1.7.2 Need to increase land supply	1	1
1.7.3 very few developers assist in respect of registration	1	1

Source: Generated by NVivo 12, 2019

7.3.1 Crony Capitalism

The most prominent characteristic of neoliberal real estate market mentioned by four housing experts and referred eighteen times in total during conversations. Crony capitalism is also a significant characteristic of neoliberal economies world-wide where cronies dictate the market. The crony capitalism in respect of real estate market of Dhaka has been discussed in details in Section 6.2.3.1. According to interviewed housing experts the cronies specially in land market always maintain good alliance with political party in power and accumulate capital through unfair means, manipulate government rules in favor of their business, affect the nature violating acts related to protection of environment. These cronies make the market imperfect or oligopoly market with less competition which causes higher prices for consumers (Housing Expert 9, Appendix 4.2). Cronies in raw materials business affect the market by controlling or artificially raising the prices through syndicates (Figure 7.6).

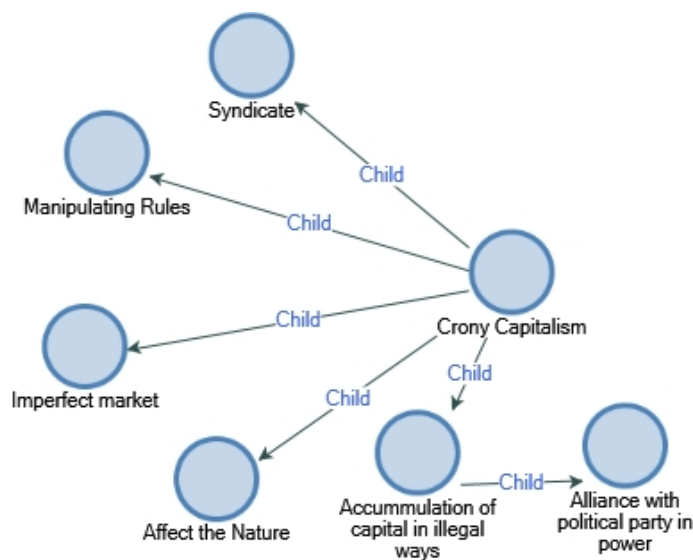


Figure 7.6 Crony capitalism: most prominent market characteristics mentioned by the housing experts (the word ‘child’ refers to ‘sub-code’ here)

Source: Generated in NVivo 12 based on interview data, 2019

7.4 MIH Provision through the Market

This section describes the suitability of housing provision through the neoliberal market for the MIHs in context of affordability, size of apartments and locations. Before describing the situation, it is necessary to know the perceptions of the interviewees regarding the income and financial capacity of MIHs to afford apartments supplied by the market. Section 7.4.1 presents the concepts of both housing experts and developers regarding the definition of MIHs in respect of Dhaka. Afterwards, Section 7.4.2 describes the scenario of middle income housing provision from housing experts' perspectives and Section 7.4.3 justifies their perspectives through price and characteristics of apartments offered in the market based on the data gathered from the website of one of the largest online market place of properties in Dhaka.

7.4.1 Definition of MIHs: Contradicting Concepts of Housing Experts and Developers

The contradictory perceptions of housing experts and the housing developers regarding Middle Income Households (MIHs) reveal the shortcomings within the understanding of the housing providers about the purchasing capacity and housing requirements of MIHs which is essential for initiating supply for this group. MIHs were defined both by the interviewed housing developers and housing experts based on monthly income as well as monthly housing cost or Equated Monthly Installment (EMI) (Figure 7.7 and Figure 7.8). Monthly income of MIHs mentioned by the housing experts and developers are not contrasting and ranges from BDT 40 thousand to BDT 0.15 Million (though 0.1 million to 0.3 million was mentioned by a single expert). However, in respect of monthly housing cost, the range provided by the housing experts is from BDT 10 thousand to BDT 35 thousand whereas it is BDT 50 thousand to BDT 60 thousand from developers' point of view which is mentioned as affordable EMI for MIHs. Moreover, few developers defined MIHs as those who can

afford apartments priced between BDT 0.7 to 0.8 million. Surprisingly, this range was mentioned as BDT 10 million to 40 million by a single developer who are working in market since the 1990s and mainly providing luxurious apartments. And according to him the middle-income group should be redefined because their affordability is higher now. This might be due to the fact that this developer is working only in the high end of the market and his mentioned price range is moderate comparing with the luxurious apartments they are supplying too. However, such kind of perception has not been reflected in any other interview. Such price range is absolutely unaffordable for MIHs defined by both the developers and housing experts. Nevertheless, the difference between housing cost ranges mentioned by housing experts and the developers reveals that minimum affordability required to own an apartment in Dhaka is much higher than the affordable monthly housing cost of MIHs.

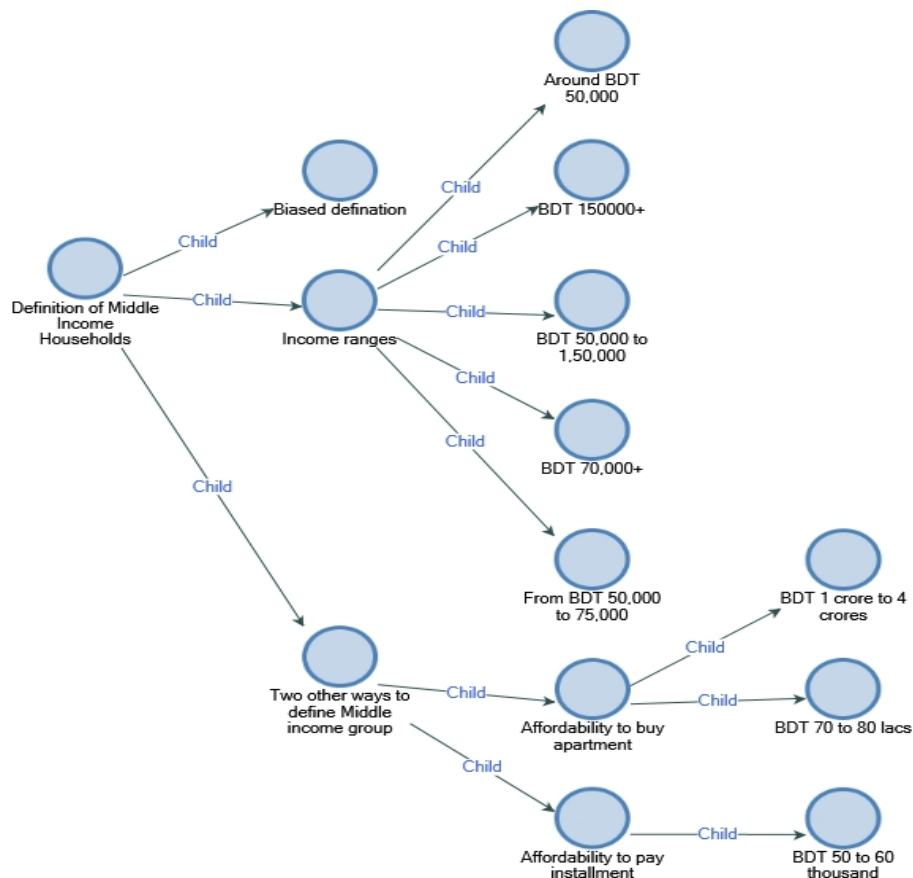


Figure 7.7: Ways of Defining MIHs by Developers

(the word 'child' refers to 'sub-code' here)

Source: Prepared in NVivo based on Interviews

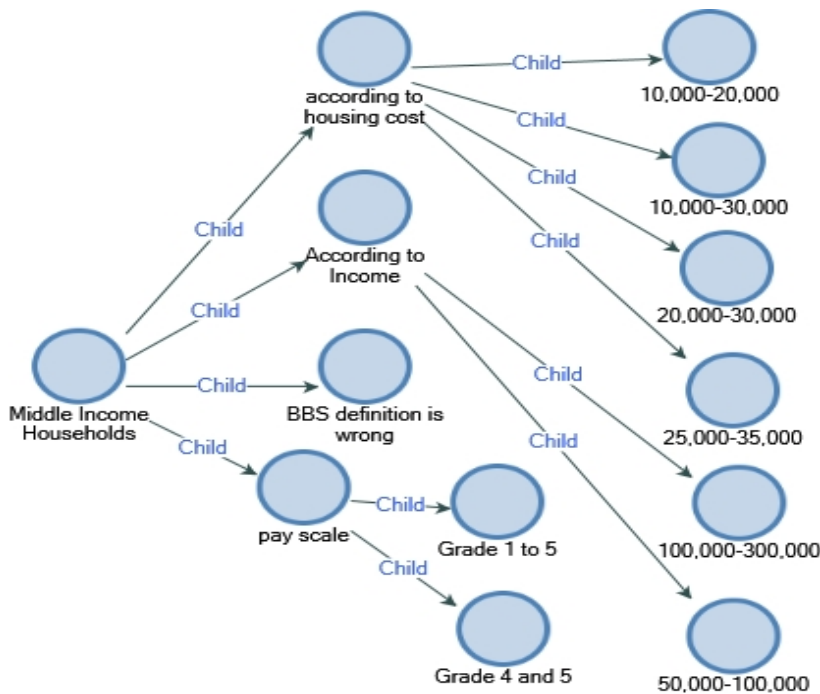


Figure 7.8: Ways of Defining MIHs by Housing Experts

(the word 'child' refers to 'sub-code' here)

Source: Prepared in NVivo based on Interviews

7.4.2 Reasons for the Shortages of MIH Provision through Market

According to the interviewed housing experts, in current housing market scenario, for a Middle Income Household, it is an unattainable dream to own an apartment unless it owns property through inheritance. A MI household can be an owner of a flat or plot through inheritance. In case of owners of plots in suitable locations for apartment development, they can be owners of flats through joint venture with developers. However, such households might be MI considering their income but they must be considered as high income because of property ownership.

The lack of MIH through market is caused mainly by the mismatch between demand of MIHs which is determined by their affordability and the supply which is very expensive because of high land price, and construction costs. In case of MIHs the mismatch is acuter than that of low income because MIHs is more concerned about the quality of housing and also about the amenities of the location (Housing Expert 5,

Appendix 4.2). Another reason for the dearth of MIH supply is the infinite financial capacity of a small segment of population. According to interviewed developers, to provide apartments for this group is more profitable and involves less risks due to their higher financial capacity and in case of larger apartments they require to deal with a smaller number of customers where risk factors are minimum.

In respect of affordability an expert mentioned that a true Middle-Income Service holder is unable to own an apartment in Dhaka with the Provident Fund money of his entire life (Housing Expert 10, Appendix 4.2). Such situation reveals the housing affordability crisis faced by the MIHs in Dhaka. However, very recently a few new generation developers are trying to provide housing at lower prices. But in the case of such projects they must have to compromise with space and prefer cheaper residential locations. The characteristics of such supply will be discussed in Section 7.4.3.

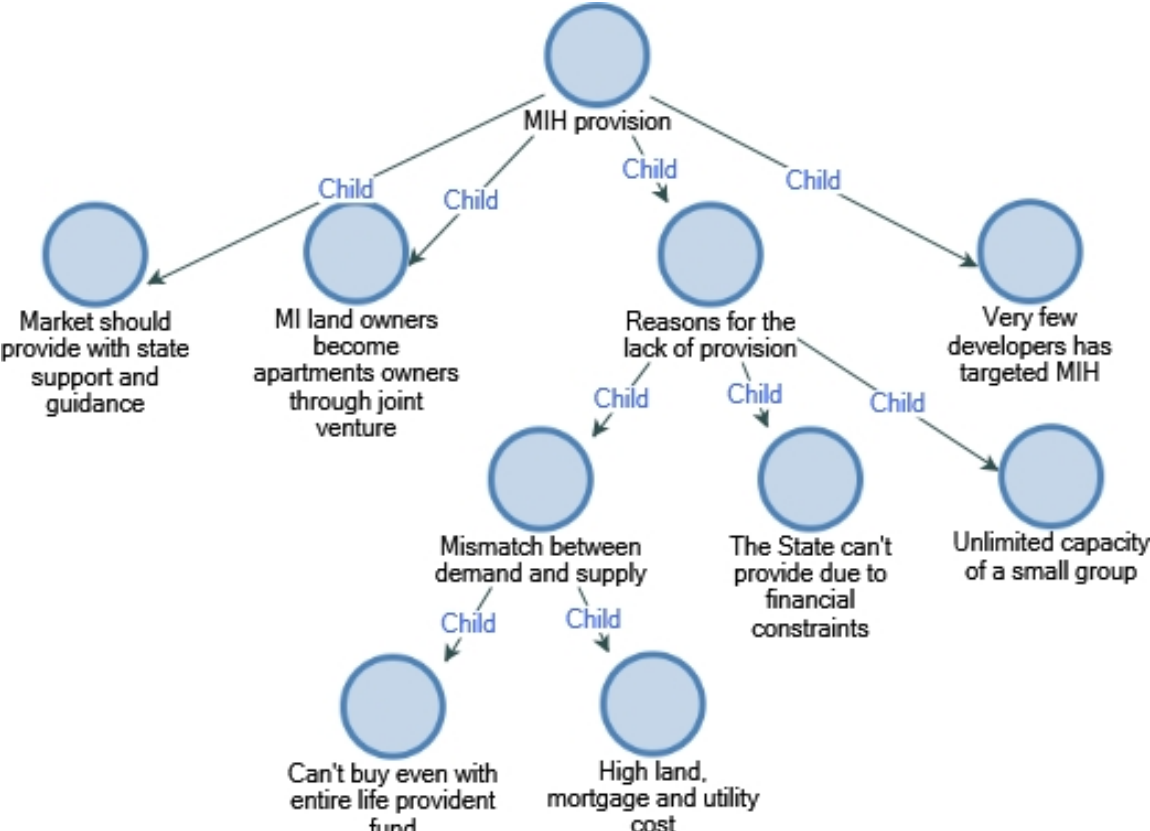


Figure 7.9: Housing Experts' Perception of MIH provision through the Market in Dhaka
 (the word 'child' refers to 'sub-code' here)
 Source: Based on interviews; generated using NVivo 12

The interviews with housing experts also revealed that the provision of public housing for MIHs in large scale is not feasible in respect of Dhaka due to resource constraints. Moreover, the state should only invest for the provision of housing for the poor. According to them, the market would be interested to work for this segment of population if get proper support and market enabling efforts from the state agencies (Figure 7.9).

7.4.3 Mismatch Between Current Housing Supply and Affordability of MIHs

It is opined by all the housing experts that the current housing provision by Real Estate market do not match with the affordability of MIHs. While it was commented by the vice president of Bangladesh Institute of Planners that very recently a few new developers are taking initiatives to provide middle income housing where they are compromising with apartment floor spaces and locations. To keep the price within middle income affordability, the size of these apartments are sometimes even below 500 square feet (Table 7.3). According to the provided advertisements by the largest online market place for apartments, the majority of apartments supplied by the market are within the range of 1000 sqft to 1500 sqft (55%). Apartments sized below 1000 sqft comprise only 18.6% of total supply where the price range is from BDT 1.3 million to BDT 11 million. The size of the lowest priced apartment is only 450 sqft and located in old part of the city. In current home loans arrangement, a household have to pay more than BDT 8 thousand as EMI and around BDT 0.4 million as down payment for an apartment of BDT 1.3 million. According to the housing experts who defined MIHs based on monthly housing cost, the range of housing cost was BDT 10 thousand to BDT 35 thousand per month. Hence the lowest priced apartment might be affordable for a MIH, however number of such apartments priced within BDT 2 million which are ready for sale in the market is only 0.47% (29) (www.bproperty.com)

accessed on 15 October, 2019).

Table 7.3: The size and price patterns of apartments provided by the market

Size of Apartments (Sqft)	Apartments up for sale		Lowest and highest Prices in BDT		Area (sqft)	Location
	No.	%				
Below 1000	1126	18.6	Lowest	1300000	450	Lalbagh road
			Highest	11000000	900	Bashundhara R A
1000-1500	3327	55.0	Lowest	3000000	1000	Jurain
			Highest	20000000	1486	Dhanmondi
Above 1500	1596	26.4	Lowest	4500000	1650	Bhuiyanparha, Khilgaon
			Highest	130000000	3200	Gulshan

Source: www.bproperty.com, October, 2019

According to a housing expert, the MIH can be defined as a household who live in around 1000 sqft housing space (Housing Expert 5, Appendix 4.2). According to a recent study, the current preferred size of apartments by the MIHs is within 1050 sqft to 1450 sqft the middle class now look for 1,050-1,450 sq. ft. (BIGD, 2017). So, the size and location of the apartments priced within 2 million might not match with the sustainable housing affordability of MIHs. In sustainable housing affordability, the housing quality, accessibility to employment sources, and other amenities should be considered along with the economic affordability (for details see Mulliner, et al., 2013).

Regarding preferred apartment size of MIHs, an interviewed housing expert mentioned “Traditionally middle-class people are still not comfortable to live in small houses. We are still not used to live in tiny apartments matching our affordability. A standard sized apartment in a favourable location can be affordable for a MIH for rental but it is totally unaffordable for ownership due to expensive land and lack of affordable housing loans. If a MI household can own a house with EMI not more than the rent amount it is currently paying, then that would be within its affordability” (Housing Expert 1, Appendix 4.2). In this context almost all the housing experts have mentioned that the rent MIHs are paying for rental housing is their paying ability for

EMI. They should get opportunity for ownership through long term EMI equivalent to the rent they are paying now.

If we analyse the current housing provision, there is a huge difference between monthly housing costs induced by renting and the same in case of buying of a same sized apartments of comparable quality and in similar locations (Table 7.4).

Table 7.4: Variations of monthly housing costs in case of renting or owning an apartment provided by the market

Location		Monthly cost in BDT	
		Rent	Buy/ownership
Sector 12, Uttara	(700-800) sqft	11000	EMI: 30874 Down Payment: 1350000 Price: 4500000
	(1500-1600) sqft	20000	EMI: 56602 Down Payment:2475000 Price:8250000
Shekertek, Mohammadpur	(700-800) sqft	9000	EMI: 24013 Down Payment: 1050000 Price: 3500000
	(1500-1600) sqft	18000	EMI: 53512 Down Payment:2340000 Price:7800000
South Banasree Project	(700-800) sqft	9000	EMI: 24013 Down Payment: 1050000 Price: 3500000
	(1500-1600) sqft	20000	EMI: 54866 Down Payment:2400000 Price:8000000

Source: www.bproperty.com , October, 2019

The apartments sized 700 sqft to 1600 sqft in middle income areas⁵ advertised for rent and sale were considered to identify the gap between monthly housing costs of renting and buying. According to interview findings, the range of monthly housing cost of MIHs is from BDT 10 thousand to 35 thousand. So, the households who rent

⁵ The residential areas of Dhaka except the slums and squatters can be categorized as high income, middle income and low income based on the rent and quality of dwelling units, price of land and qualities of available amenities (Islam and Zahur, 2016; BIGD, 2017). Minor mix of households from different income groups might be seen in a specific area. However, the areas are defined based on the dominant characteristics of households and housing. The areas mentioned in Table 7.4 are known as MI residential areas.

apartments in middle income areas and pay BDT 9 thousand to 20 thousand (Table 7.4) as rents can be considered as MIHs. If the renters of such apartments want to buy similar apartments according to location and size, then they would have to pay the EMIs for 25 years which are around threefold higher than the current rents (Table 7.4). In Dhaka there is no ‘no down payment mortgage’ options. Home loans cover up to 70% of house price and the remaining 30% is required to pay from own savings or other sources. The down payment amounts of the apartments shown in Table 7.4 range from BDT 1 million to 2.5 million. Hence the apartments suitable for MIHs might be affordable for renting but unaffordable for purchasing.

The shortage of affordable housing provision for MIHs through the market was endorsed by both the housing experts and developers during interview. According to both groups, the demand for high income luxurious apartments is still very high because of affluent income of a small segment of population. These high-income people are buying apartments as investments while the MIHs who really want to buy apartments for accommodation are suffering from the lack of affordability. Most of the developers acknowledged that they consider high income market as safer and more profitable while few claimed that they are providing middle income housing however their supply is not within the affordability limit of MIHs. In spite of the current supply situation, housing experts still believe that the market should provide affordable housing for MIHs where state initiatives would work as catalysts.

7.4.4 Customers of the Apartments Provided by the Market: Different Target Groups of Pioneer and Prominent Developers

The developers were asked about the professions and incomes of their customers to cross check the MIH provision. Regarding income they could not make any speculation because there are always revealed and unrevealed income which make it

difficult to get true picture about the income of a household. The Table 7.5 shows the 11 most iterated words by both pioneer developers and those who are comparatively novice in this field while they were discussing about the income and profession of their customers. Table 7.5 and the visual presentations in Figure 7.10 reveal that the most prominent profession of the customers of pioneer developers is business while the most significant customer of new developers are doctors. Other professions are engineers, bankers, government officers, managers of multinational companies which are more or less similar for both type of developers. However, Interesting finding in this regard is, 'business' has not been mentioned as profession of customers by the new developers. It might be due to the fact that businessmen who are clients of apartments in Dhaka are actually business magnet or industrialist who buy extremely luxurious apartments provided by pioneer developers both for self-accommodation and as investments. Medium scale business holders might be reluctant to invest money in property or unable to lock money from the business (Bongo Properties, 2019). Second most common customer are the doctors. From mushroomed private hospitals, clinics, diagnostic centers, doctor's chambers spreading each and every corner of the city and long queue of patients there, the unlimited income of popular doctors can easily be realized. So, it is not surprising that they are the prime and second prime customers of new developers and the pioneers respectively. Other two common professions of customers of both type of developers are engineers and bankers. In our country engineers are generally highly paid both by salary (executives in multinational firms) or through unfair means (employees of state agencies) ways. They earn a lot through consultancy too. Though the bankers in private sector earn handsome amount of salary, the main source of their financial capacity is the availability of home loan at low interest rate for employees of both nationalized and commercial banks which

proof that availability of affordable home loan is a significant prerequisite to raise homeownership among MIHs.

Table 7.5: Eleven most frequent words under the code ‘profession of the buyers’ from the interviews with old developers (emerged in the market during 1980s) (left) and new developers (emerged in the market after 1990s) (right).

Word	Length	Count	Weighted Percentage
Businessmen	11	6	5.83
Doctors	7	5	4.85
Engineers	9	4	3.88
Apartments	10	3	2.91
Bankers	7	3	2.91
Officers	8	3	2.91
People	6	3	2.91
Buyers	6	2	1.94
Clients	7	2	1.94
Companies	9	2	1.94
Expatriates	11	2	1.94

Word	Length	Count	Weighted Percentage
Doctors	7	4	7.27
Engineers	9	4	7.27
Bankers	7	3	5.45
Holders	7	3	5.45
Service	7	3	5.45
apartment	9	2	3.64
Buy	3	2	3.64
Clients	7	2	3.64
managers	8	2	3.64
State	5	2	3.64
Advocates	9	1	1.82

Source: generated by NVivo12 based on Interview data, 2019

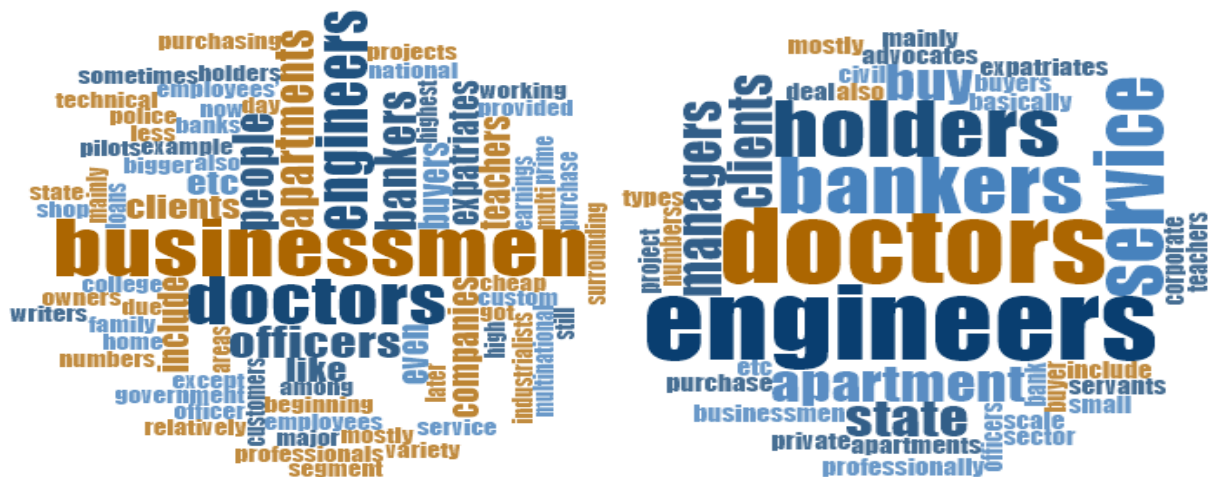


Figure 7.10: Word cloud of the code ‘profession of the buyers’ based on old (left) and new developers’ (right) interviews

Source: generated by NVivo12 based on Interview data, 2019

From the list of customers and portfolio of apartments of interviewed developers reveal that the developers who are in the market after 1990s take comparatively small-scale projects in cheaper locations. Some of those collections might be purchased by higher MIHs (income ranged from 2 to 3 lakh BDT), however the share of such apartments offered in the market is very small. Moreover, their locations are mostly in

peripheral or congested areas with minimum level of amenities that might not match with the aspiration of higher MIHs (Table 7.3). In next sections, the issues that restrain the new developers to take more low-priced apartment projects will be discussed based on their opinions.

7.5 Barriers that Constrain the Provision of Affordable Housing

The aim of this research is to identify an efficient institutional framework that can safeguard the housing interests of MIHs, for whom the market was supposed to provide housing in a neoliberal economy (Chapter 5). A neoliberal real estate market is already active here with an increasing rate of supply of apartments (Figure 2.1) but has not yet been able to fulfil the ever-increasing demand. However, this demand might not be effective demand due to mismatch between affordability and required financial capacity to own an apartment in Dhaka of the majority of households in Dhaka which has been discussed in details in Chapter Two and Chapter Five. The previous sections of this chapter also have tried to prove that existing supply does not match with the affordability of MIHs. In this regard to recommend an institutional framework incorporating the well-defined roles of both the state and market actors, first it is required to delineate the obstacles that restrain the supply of MIH through the market. Following sections discuss the constraints from the perspectives of both housing experts and the developers.

7.5.1 Housing Experts' Perception

Figure 7.11 presents the housing experts according to the percentage of their given interviews in which they addressed the topic 'market constraints in provision of MIH'. Six housing experts talked more about constraints while four of them covered more than 20% of interviews talking on different constraints in current housing provision

practices. Except the interviewee ‘Architect 1’ all these five interviewees also are located in the same cluster in cluster analysis of source data (interview data) in NVivo 12 (Figure 7.12). Theoretical insights of ‘Architect 1’ is much deeper than others and talked mostly on theoretical basis of the transformation of housing practices in Dhaka. Due to this fact he might be clustered differently though under this theme his contribution is same as ‘Architect planner 2’. All the five interviewees who are identified in the same cluster (Figure 7.12) are new generation academics as well as practitioners in the field of planning and housing through consultancies in different planning and housing projects. May be due to their concurrent practical experiences they could focus more on the constraints that are hindering the provision of MIH in Dhaka. Hence the chances of the constraints, identified by them, to represent the reality would certainly be much higher.

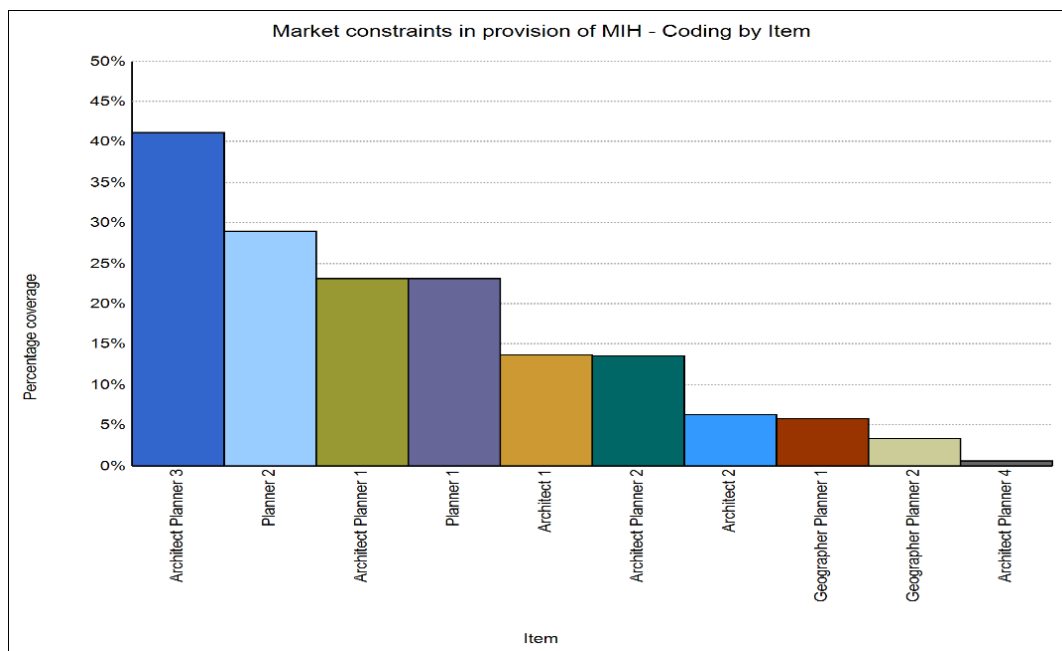


Figure 7.11: Contribution of housing experts (in percentage) in the discussion regarding market constraints

Source: Generated in NVivo 12 based on Interview data, 2019

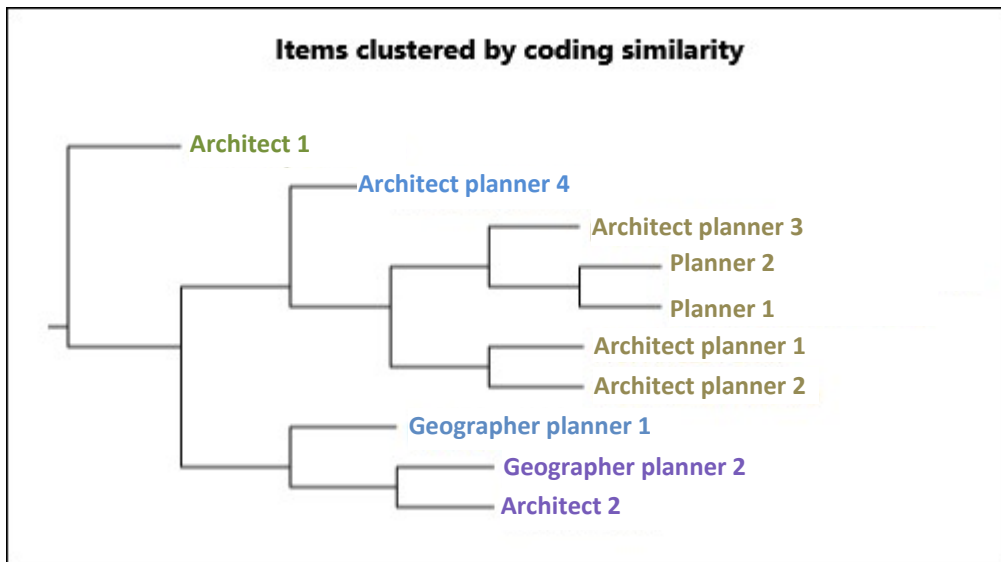


Figure 7.12: Interviewed Housing Experts clustered by coding similarity
 Source: Generated by NVivo 12, 2019

In Figure 7.13 the hierarchy of codes indicate that the same number of interviewees did raised both 'land' and 'role of state agencies' as the constraints though the coding references of the second one is much higher (30) than the others (16) (Table 7.6).

It indicates that, housing experts' most concerned issue is 'the role of state agencies' as it influences every aspects of the market including land.

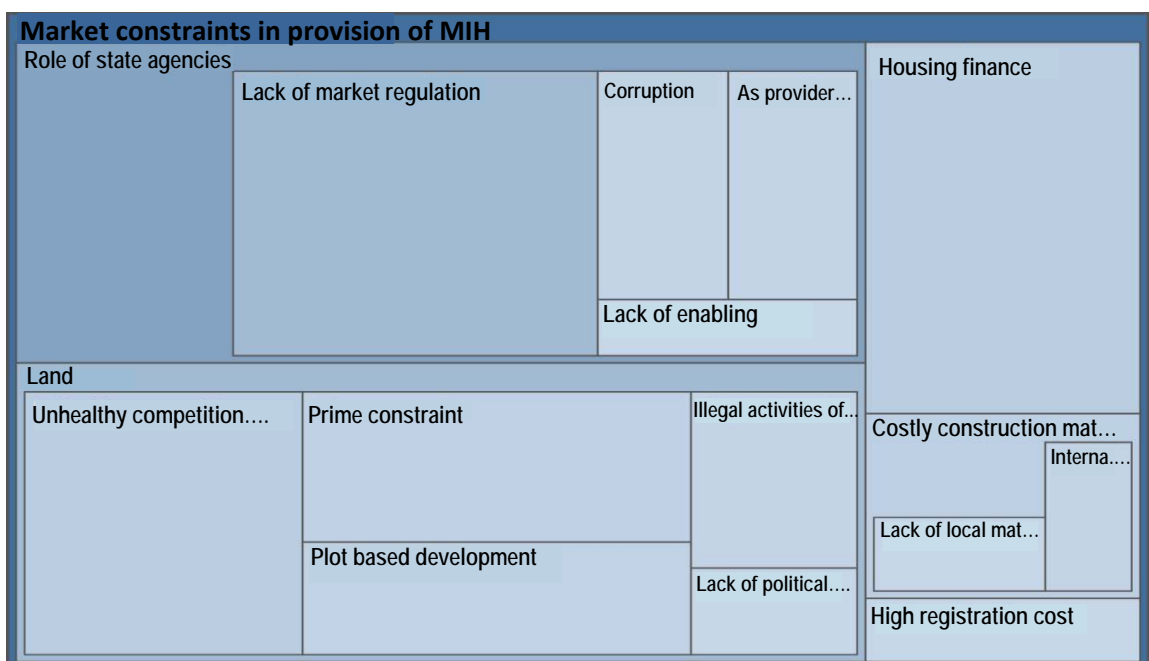


Figure 7.13: Hierarchy of codes in analyzing Market constraints from housing experts' perspectives
 Source: Generated in NVivo 12 based on Interview data, 2019

Other constraints mentioned by the housing experts have been organized under three codes named 'Housing Finance', 'Costly construction materials' and 'High registration cost'. All the issue mentioned by the housing experts are discussed in the following five sub-sections.

7.5.1.1 Land

Land has been identified as the prime constraint by the housing experts and the majority of them think that unhealthy competition for land and illegal activities of developers after the emergence of neoliberal real estate market has resulted in sky-touching price of land. Chapter 3 and 5 have discussed the impact of neoliberal economy on the property price and affordability crisis in different neoliberal cities as well as in Dhaka. Hence this interview finding matches with the findings from literatures.

Another housing expert raised an issue as "In respect of land market, land scarcity is being preserved by the policy makers because they are the beneficiary of such land scarcity driven high land price. They never suffer from land scarcity or land price of Dhaka" (Housing Expert 9, Appendix 4.2). In this regard, McAuslan (1989) points out that "the laws of many developing countries are deficient in a number of respects, ranging from the form in which they are published to the way in which they define the fundamental nature of the power relationship between the state and its citizens". According to him it is also necessary for the laws to be understandable to the majority of the citizens. The laws, specifically within land management, are mostly produced and passed by the elites in favor of their own interests which rarely serve the need of general population.

Table 7.6: Name of codes under the theme ‘market constraints in provision of MIH’

Name of Codes	No of interviewee referred the code	Frequency of References
1 Market constraints in provision of MIH	10	55
1.2 Costly construction material	1	2
1.2.1 International market is controlling the supply	1	2
1.2.2 Lack of local materials	1	1
1.3 High registration cost	1	1
1.4 Housing Finance	6	6
1.5 Land	8	16
1.5.1 Illegal Activities of developers	2	2
1.5.2 Lack of political will	1	1
1.5.3 Plot based development	3	3
1.5.4 Prime constraint	4	4
1.5.5 Unhealthy competition raised the price	5	6
1.6 Role of State Agencies	8	30
1.6.1 As provider constrain the market	2	2
1.6.2 Corruption	2	2
1.6.3 Lack of enabling	1	1
1.6.4 Lack of market regulation	7	16

Source: Author, generated in NVivo 12, 2019

Other significant issue related to residential land raised by the experts is plot based land development approach exist in Dhaka where land is gone through subdivision by both state agencies and private land developers and plots are sold to individuals which in most of the cases does not contribute to housing supply in near future. Most of the individuals buy land for speculation purpose and also not capable of constructing multistoried houses immediately. Moreover, when housings are constructed on these plots maintaining building by laws involve more wastage of land than other approaches where housing is planned on large chunk of land in larger scale. Moreover because of piecemeal development no planned open spaces are kept as amenities in plot-based approaches. According to an expert, “Private housing market mainly focusing on plot-based development that means they are developing or redeveloping a single plot and selling out 10 to 20 apartments to individuals. For planned and mass scale production we need to focus on block or area-based development that means a large area should be developed as a neighborhood with proper community services

where high rise apartments would be developed leaving sufficient open spaces. Very few such neighborhood projects have been taken so far such as Japan Garden City, Rakeen city. But such gated community is for handful high income households and does not address the demand of middle-income group. Currently developers are more involved in land development rather than apartments. In REHAB fair more plots are showcased than apartments. Such kind of land projects is not contributing to current housing stock to ease the housing crisis because those are in the fringe areas and not suitable for development. Rather land projects in fringe areas both by the state agencies and private developers are increasing the opportunities for land speculation and hike of land price” (Housing Expert 5, Appendix 4.2).

Most of the developing countries lack the holistic approach in residential land and housing development. Amalgamated urban planning that encompasses housing, infrastructure, and land-use with efficiency has never been adopted with appropriate attention in each and every sectors. In most of the cases, housing sector is neglected in national level strategy formulation (Sivam, 2002).

7.5.1.2 Role of State Agencies

The role of the state, in the phase of neoliberalism when the state is supposed to act as enabler of the market, has been described in context of Dhaka’s housing provision in Section 6.2.3 of Chapter Six. According to the discussion, there are problems in every aspects of the involvement of the state agencies in the provision of housing. As provider they are targeting the same group of population targeted by the market and providing subsidized benefits to the households who should get any kind of such privileges which actually needed by the LIHs. As regulator the state agencies are encouraging crony capitalism through corruption and have failed to regulate the

market in positive sense. And as enabler or facilitator, it has been found that they are benefitting the well offs only (Section 6.2.3.3).

When the interviewed housing experts were requested to identify the constraints in the market that prohibit the supply of affordable housing for MIHs, they criticized the roles of the state in this respect in the same ways that are the findings from the literatures on neoliberal cities world -wide and on Dhaka, the capital of Bangladesh. According to the experts, the state agencies like RAJUK, NHA providing plots and apartments to individuals which was supposed to be done by the market. State agencies ought to be involved in direct supply only for the poor where their interventions are not significant at all (Housing Expert 4, Appendix 4.2). Being providers with privileges (acquired land at lumpsum cost, no one to control or monitor when regulator itself develops) for the same target group these state agencies ultimately constraining the market, they opined.

In respect of the roles of the state agencies the most commented issue was the failure of the agencies to regulate the market for upholding the housing interests of the citizens of Dhaka. Due to lack of market regulations the land prices have increased abruptly after the developers emerged in the market (Figure 5.4). There are several types of deceptive acts by the developers which the regulatory mechanism of the state should control. But due to lack of commitments and abundance of corruptions the rules and regulations which already exist, to control property price and rent; to regulate and control development and to conserve the interests of land owners, buyers, and developers in real estate market; or to protect the nature; never been implemented efficiently and equally for all (Housing Expert 4, Appendix 4.2).

According to housing experts, the state agencies have failed to play the market

enabling role too. Rather in alliance with the ‘big fishes’ of the market they have encouraged an oligopoly market without a level playing field (Housing Expert 10, Appendix 4.2). In the name of market enabling or being influenced by market force the state has sometimes relaxed the building codes and zoning or created opportunity to invest undeclared money in apartments, however such alteration of rules helped the cronies only. To preserve the housing interests of the general public such enabling initiatives never helped (Section 6.2.3.3 of Chapter 6)

Lack of preparation before opening the housing sector to the market is the underlying cause for such chaotic situation in the market. According to a housing expert “But in many other countries, the state first becomes prepared to regulate and monitor the private sectors for the sake of general people before making any economic sector including housing market open to them. But in the case of Bangladesh, there was no preparation from public side to regulate and monitor the market to preserve the housing interests of general public in a neoliberal market when the developers emerged in” (Housing Expert 5, Appendix 4.2).

When the high officials from NHA and RAJUK were asked to justify their involvement as housing provider in the name of MIH, though it is argued that only high and upper middle-income households are being served, which contradict with the housing policies of Bangladesh they defended differently. RAJUK employee justified their acts as provider with the argument that as an autonomous body, in self-financed housing projects, RAJUK cannot provide housing at subsidized rate which would be suitable for LIHs. So, to make project sustain or profitable they target the middle and higher middle-income households. Another justification was the control of price in the market by providing housing at lower prices than the private developers (PD, DAP,

RAJUK, 2019). Along with the second argument of RAJUK employee, the interviewed employee of NHA argued that as state agency it should work for all income group even including the HIHs. According to him “we have projects in Dhanmondi zone for the HIG. Obviously, we are mainly focusing on low, middle, and poor people. But it doesn't mean we don't work for the HIG....the state is for all. The state can't work only for the poor people”, (Chairman, NHA, 2019). However according to housing experts, RAJUK and NHA should only work for LIHs through highly subsidized housing because they can acquire land at very minimum cost and in context of Dhaka the most significant contributor to high price of apartments is the expensive land. And housing developers argued that RAJUK or NHA are making much higher profit than developers since they are getting land free of cost and charging price almost at the market rates. And the justification of price control was denied both by the housing experts and developers on ground that the share of housing supply by RAJUK and NHA in the market is not significant to affect the market price.

7.5.1.3 Housing Finance

Lack of affordable housing finance was identified as the constraints in provision of MIH by six out of ten interviewed housing experts. Affordable housing finance increases the affordability of potential buyers and help housing need to turn into effective housing demand which is necessary for the provision of housing through market where supply is always driven by demand. Double digit interest rate and shorter repayment period make the available home loans unaffordable for majority of the households. The housing cost calculated in Table 7.2 in context of homeownership would be much lower if the home loan would be more affordable.

Very recently the state took an initiative to provide subsidized home loan for its

employees where the government employees can get loans ranging from BDT 2 million to BDT 7.5 million according to employees' grade and location of the properties (for which the loans are applied). The interest of the loan will be 10 percent where the government will grant 5 percent subsidy. Around BDT 3000 million has been approved to be included in the annual budget for providing the subsidy. The loans will be available from nationalized commercial banks and also from BHBFC (*The Daily Star*, August, 2018). Such initiative may benefit a small segment of population as the government employees comprise only 6.2% of total labour force (Haq, 2000). However, it may have negative impact on the affordability of non-cadre employees as such injection of money or easy credit ultimately increase the price of apartments which is evident from the price bubble of 2006 (Das, 2014). Moreover, the majority of the privileged government employees are not of limited income group with fixed salary. The majority of the government employees have earnings beyond the salary through corruption and it is well evident from different statistics (Asadullah and Chakravorty, 2019). So, they certainly will utilize the subsidized loans to purchase high income apartments which may boost the market but affect the affordability of genuine MIHs negatively.

The reluctance of middle- and low-income group to use available housing finance due to unaffordability and not easy to get criteria of home loans in Bangladesh can be realized from the national mortgage to GDP ratio. The national mortgage debt of Bangladesh is only 3.5% of its GDP while it is 19%, 37% and 54% for Thailand, Japan and Singapore respectively (<https://idlc.com/home-loan>). Comparing with the Southeast Asian countries, the mortgage to GDP ratio of Bangladesh is really alarming. Opinion of a housing expert can be quoted in this respect "BHBFC has taken many initiatives to bring down interest rate to one-digit number but still it is not

affordable for most of the people. The interest rates in many other countries vary from 2 to 4 percent which is quite affordable. The repayment period of available home loans should be much longer to make it affordable for majority of population. Without affordable home loans it would not be possible to change the housing scenario in positive way. Still the rate of using finance from formal market is very low. Rather people prefer to manage loans from friends and relatives. Foreign remittance is a great source of money in housing market” (Housing Expert 5, Appendix 4.2).

7.5.1.4 High Costs of Construction and Transfer of Property

Other two issues that were mentioned as constraints were the costly construction materials and the high property transfer costs though the majority of experts did not consider these as constraints. This is may be due to the fact that they emphasized more on the market regulating roles of the state where such the regulation of such costs is also included.

According to the expert who specifically mentioned costly construction materials as constraint, “Construction of housing is controlled not only by local market; rather international market is controlling the supply and price of construction materials. We don’t use our local construction materials. Everything is imported due to trade liberalization where prices of construction materials are even artificially appreciated where international politics are to be blamed” (Housing Expert 9, Appendix 4.2).

The above-mentioned housing expert is involved in low income housing projects of NGOs as consultant. May be due to be an architect and acquired practical experiences she highlighted construction materials and identified two reasons for costly material too. Lack of local affordable construction materials is the root cause of this constraint that let the international market and politics to control local market and often raise

price artificially through syndication.

7.5.2 Developers' Perception

In previous sections the constraints that hamper the supply of MIH, in considerable amount, through market were discussed based on the interviews with the housing experts. The subsequent subsections under this section discuss the constraints from both the interviewed pioneer (old) developers who emerged in the market during 1980s and new developers who emerged after 1990s.

Figure 7.14 presents the shares of the conversations of both old and new developers under the theme 'constraints in the market' to the total duration of their discussions. The interesting finding here is the first three developers who dedicated more than 23% of their total interviews for discussing on constraints are new as well as small scale developers who are taking projects mostly in middle-income locations. The higher shares of conversations under this theme do not mean that they talked more than other in this regard, however, these figures must indicate that their concerns about constraints are more than other aspects covered by the interview guideline (Figure 7.14). Hence it might be said that in the oligopoly market of Dhaka, the new comers are facing more obstacles than the market giants. There is only one exception among five new developers. This developer talked less than all other developers on constraints. Though this developer is comparatively new in market (since 2006), its corporate office and completed project does not match with other new comers. The owner of the firm appraised the current political party in power for several times during the interview. Hence, the affiliation with the power might have made a smooth business path for this developer.

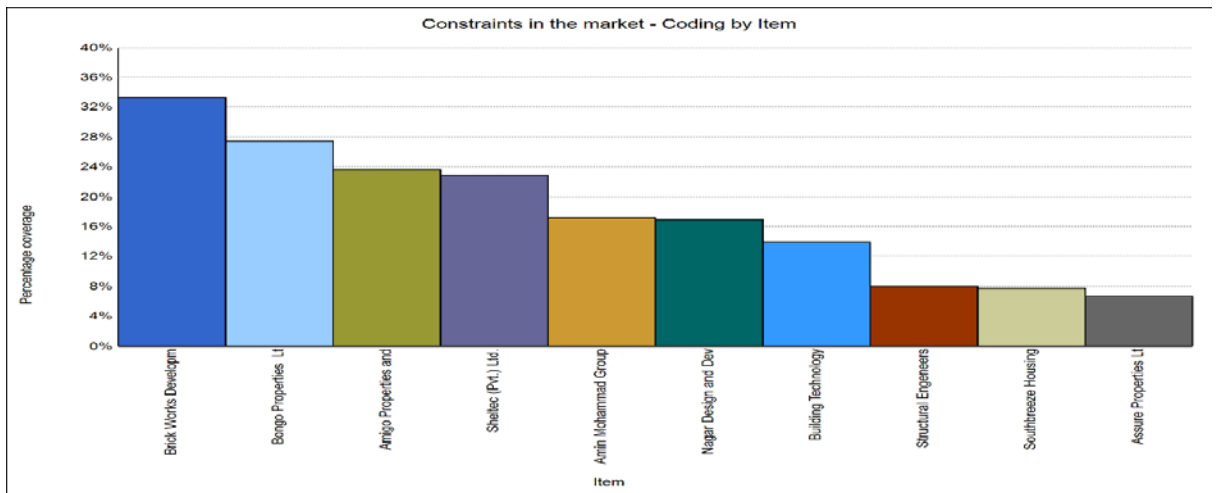


Figure 7.14: New and old developers' discussion shares (in percentage) in the aggregated codes of 'market constraints'

Source: Generated in NVivo 12 based on Interview data, 2019

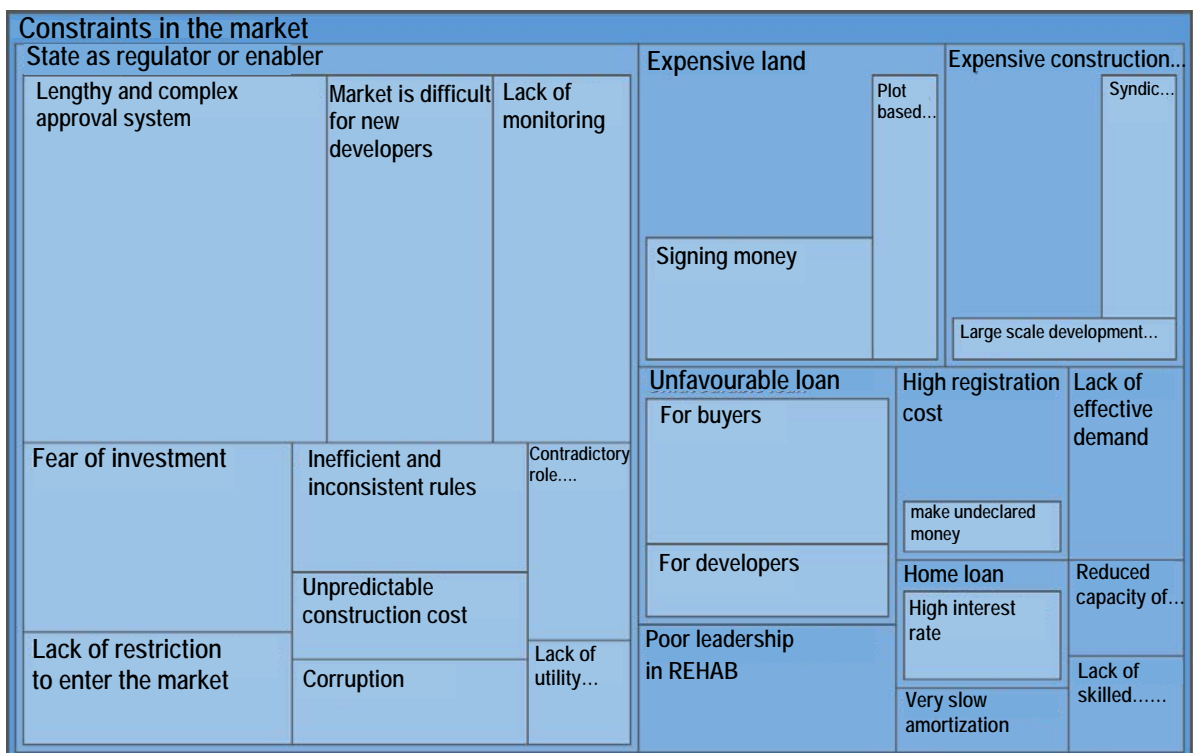


Figure 7.15: Hierarchy of codes in analyzing Market constraints from housing developers' perspectives

Source: Generated in NVivo 12 based on Interview data, 2019

The pioneer developers who talked more on constraints were in leading roles in REHAB in any part of their careers. So, they gave well-articulated information regarding constraints all of which might not be faced by themselves rather they came to understand those when led REHAB and worked for upholding developers' interests.

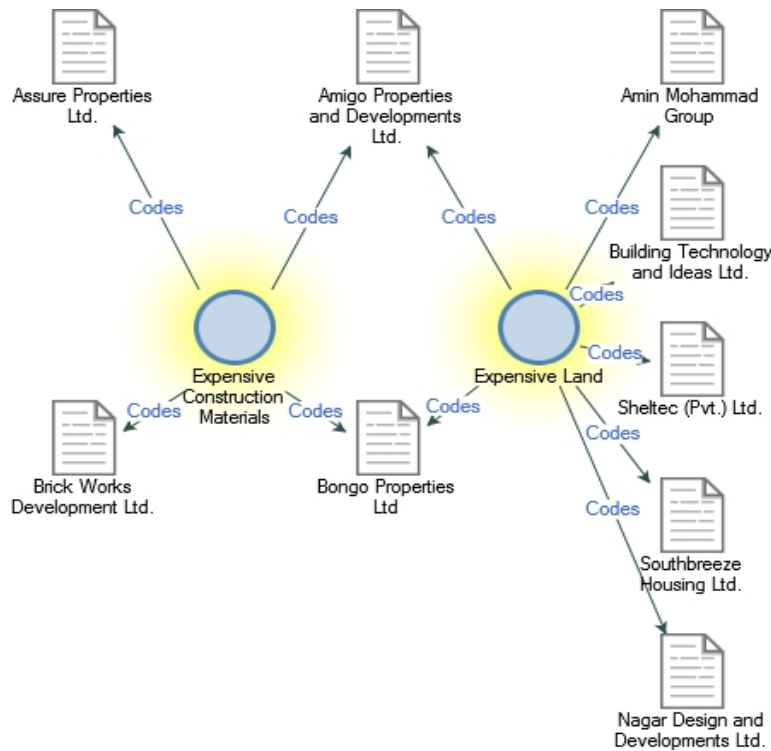


Figure 7.16: Developers making comments on ‘Expensive Construction Materials’ and ‘Expensive Land’ under the theme “Constraints in the Market”.

Source: Author, generated in NVivo 12, 2019

Figure 7.15 shows the hierarchy of codes under the theme ‘Constraints in the Market’ according to coding references. Like the housing experts, eight out of ten developers (including both new and old), identified the contradictory roles of state (code: State as regulator or enabler) as the constraint in the market. And this code was referred 47 times in total (see Table 7.7). After the role of the state the expensive land and construction materials together can be placed in second position. They both got same reference numbers though the number of interviewees talked about ‘expensive land’ is higher where four out of old developers talked about whereas the ‘expensive construction materials’ are the worries of the new developer only (Figure 7.16). However, new developers are also concerned about expensive land too. Three out of five new developers identified expensive land as constraint. Large developers carrying out luxurious projects in posh areas with high profit margin might not bother about the cost of the construction materials. But the new comers who are taking small number

of projects in middle-income residential areas and trying to target MIHs see the cost of construction materials as contributor to high price of apartment which is difficult to keep within the affordability of this group. Under the following sub sections, the new issues, added by the developers, and their justifications are discussed.

Table 7.7: Name of codes under the theme ‘Constraints in the market’

Name of Codes	No of interviewee referred the code	Frequency of References
1 Constraints in the market	10	92
1.2 Expensive Construction Materials	4	12
1.2.1 Large scale development projects	1	1
1.2.2 Syndicates	2	2
1.3 Expensive Land	7	12
1.3.1 Plots to individuals	2	2
1.3.2 Signing money	3	5
1.4 High registration cost	2	2
1.4.1 make undeclared money for developers	1	1
1.5 Home loan	2	2
1.5.1 High interest rate	2	2
1.6 Lack of effective demand	2	3
1.7 Lack of skilled manpower	1	1
1.8 Poor Leadership in REHAB	3	3
1.9 Reduced affordability of expatriates	1	1
1.10 State as regulator or enabler	8	47
1.10.1 Contradictory roles of the State Agencies	2	2
1.10.2 Corruption	2	4
1.10.3 Fear of Investment	4	7
1.10.3.1 Investment in Foreign countries	2	3
1.10.3.2 Investments in abroad	1	2
1.10.4 Inefficient and inconsistent rules	2	3
1.10.4.1 Cost incurred due to inefficient rules	1	1
1.10.5 Lack of monitoring by state agencies	2	8
1.10.5.1 Lack of man power	1	2
1.10.5.2 Local Influentials	2	3
1.10.5.3 Quality	1	2
1.10.6 Lack of restriction to enter the market	1	1
1.10.6.1 Ill competition among developers causes high price	1	1
1.10.6.2 Supply surplus demand or buyers' market	1	3
1.10.7 Lack of utility and service facilities	1	1
1.10.8 Lengthy and complex approval system	7	11
1.10.8.1 Corruption	3	5
1.10.8.2 Lack of coordination	1	1
1.10.9 Market is difficult for new developers	2	6
1.10.9.1 Defaulter customer	1	1
1.10.9.2 Fail to deliver in time	1	1
1.10.9.3 Landowner's negligence	1	1
1.10.9.4 Supply surplus demand	1	1
1.10.9.5 Unfavorable Investment environment	1	1
1.10.10 Unpredictable Construction cost	2	4
1.10.10.1 Delayed hand over of Flats	1	3
1.11 Unfavorable loan	4	8
1.11.1 for buyers	4	5
1.11.2 for developers	2	3
1.12 Very Slow Amortization	1	1

Source: Author, generated in NVivo 12, 2019

7.5.2.1 State as Regulator or Enabler

Both the new and old developers criticized the role of the state agencies in enabling or regulating the housing market. Here new and old developers made contradictory comments. Though such contradictory comments were not made by many. According to an old developer, the market is too much open to enter for any developer which ultimately affect market by unhealthy competition as well as by surplus supplies. In general, competition among producers always help price of product to reduce or quality to increase, however in case of housing market, such competition first of all increase the price of land which is very limited in supply in Dhaka. And increased land price ultimately increases the apartment price too. When the old developer talked about the lack of restriction to enter the market, two new developers complained about the state agencies role in ensuring convenient business environment for new comers (Table 7.7.).

New comers face difficulties in delivering the apartments in time due to defaulter customers. The financial capacity of the customers of new small-scale developers are limited. Some of them sometimes fail to pay the installments after booking an apartment. New developers also lack capital investment and depend on installment payments to complete the project. So, defaulter customers affect the completion time of the project due to lack of finance. They also complained about the complexity of acquiring land due to negligence of the land owners. Land owners cannot provide required updated documents of the land. Old developers have expert specialist in every aspect and can handle every issue excellently, so none of them raised such problems. Both old and new developers raised another issue related to state agencies' regulatory role. As discussed in Section 6.2.3.3 of Chapter 6, there is a scope to invest undeclared money in apartments to avoid investigation by anticorruption agencies. This rule was

to boost the market and created with the advocacy of developers. However, nowadays they complain that though the rule is there, apartment buyers face interrogations by Anti-Corruption Commission (DUDOK) and are reluctant to invest anymore due to such harassment. They are rather investing in abroad. Developers consider such reluctance as a constraint for the market. Such encouragement of undeclared or black money in real estate sector may boost up the market, but must have a detrimental effect on the affordability of limited income people due to increase in price (Table 7.7).

Lack of monitoring of the market to control price and unfair means of local influential was also criticized where lack of manpower in state agencies were identified as the problem. Lengthy and complex approval system was also criticized where corruption was blamed to increase both time and cost of approval.

7.5.2.2 Expensive Land Vs Expensive Construction Materials

Through more developers identified land as a constraint, both land and construction materials have been placed in the second hierarchy according to reference numbers (Figure 7.15 and Table 7.7). Expensive construction material was identified as constraint only by new developers while expensive land was blamed by both the old and new developers (Figure 7.16).

As the root causes for high price of construction material two issue were identified. Those are 'syndicates' and large-scale development projects. Most of the time the price of construction materials is raised artificially through syndication which was also mentioned by a housing expert. The number of current development projects of Dhaka like 'Express ways', flyovers, metro rails are more than ever. Such huge projects affect the price of construction materials by increasing demands.

In case of land, two fundamental problems were identified. First one is plot based

allocation of land that is purchased by individuals for speculation. Due to the greediness of land owners to make highest possible profit from the land, developers have to offer extremely high share of apartments along with cash payment. If the land was allocated to the developers by the state agencies or other land developers, the developers could provide apartments at much lower prices. Second one is the signing money. This is a new inclusion in the joint venture with the land owners. Along with the fixed share of apartments (most of the time 50% of total apartments and sometimes it is even 60%), land owners also demand cash in advance in the name of signing money. About signing money a developer mentioned “In some locations like in Gulshan sometimes we have to pay one crore BDT per katha so if it is plot of 5 katha we have to pay 5 crore BDT in total. In Mohammadpur core location we usually give sixty lacs BDT per katha as signing money. Even in a very normal location we at least have to pay 30 lacs BDT per katha” (Amigo Properties and Developments Ltd., 2019). While individual land owners are accumulating capitals in such processes, the ultimate sufferers are the buyers who struggle to pay the ever-increasing prices of apartments.

7.5.2.3 Unfavorable Loan

Old developers only are concerned about the unaffordable home loans for the customers while the new developers’ concerns include both home loans and construction loan for developers. Unaffordability of home loans has been discussed from housing experts’ perspective in Section 7.5.1.3 which matches with the concerns of the developers too. Here problems related to construction loans are discussed.

Lenders are less interested about developers financing because of the associated risk factors. Though construction loans are available, they are not being useful for developers because of their meagre loan to value ratio and high interest rates which often around 16%.

Due to the lack of construction financing, the developers depend on the installment payments made by the buyers of the apartments in Dhaka. So the progresses of the apartment projects are subject to the sale of the apartments in the pipeline and regular payment of the installment by each buyer. In a typical case, the completion of an apartment project is delayed by 6 to 12 months due to financing issues and in case of more than one defaulter buyers the delay might be even few years (Key Informant Interview, 2019).

Construction loans also have an asset security problem. In case of developers who have taken construction loans, the title cannot be transferred to the home buyers until the construction loan is fully repaid. So before the loan is repaid and the construction is completed, the buyers cannot get the title to apply for home loans. Recently, this issue has been solved by the mortgage financiers who are working with reputable developers only. Due to this fact, pioneer large scale developers might have not mentioned lack of construction loans as a constraint.

7.5.2.4 High Registration Cost

In Bangladesh, days and costs to register property are highest comparing the cases of other south Asian countries. The tax on property transfer is 12.5% which discourages the registration of property transfer deed. Even if the registration is done, to reduce registration cost, the common practice is to register the property at a price much lower than the actual one (World Bank, 2006). Such practice creates undeclared money for the developers because their capital gain is not documented due to dual pricing.

High registration cost obstructs the development of secondary market too. There is no different rate of transfer tax or registration fee for the secondary market which are very common in even out neighboring countries. “Even in our neighbor country India the

registration cost for second hand property is only 5000 rupees. In our country such initiative to make the transfer cost for secondhand property negligible is must to promote the resale market”- Building Technology and Ideas Ltd (2019).

7.5.2.5 Other Issues

Among other constraints the developers mentioned the inefficient leadership in REHAB. The pioneer developers argued that when they were in leading, they bargained a lot with the state for sake of both developers and the buyers, but currently the leaders of REHAB are selected based on political affiliation rather than their capacity or experiences. Such inexperienced developers cannot identify the problems efficiently and bargain with the state to solve those.

Lack of effective demand due to increasing living costs and reduced income of expatriates also identified during the interview. Another interesting constraint identified by a well experienced director of a pioneer company was the low rate of amortization. According to him, “one will not get fifty thousand taka as rent if he/she buy an apartment at the price of three crore taka. If we calculate fifty thousand taka as rent it will take 58 years for reaching the purchase value of that apartment. That means you will not get any return from that apartment in your lifetime. No other nation has this system. It takes 12 years to get payback in Europe, America. That means if you purchase a home in 25 years of age, you will have the opportunity for investing again” (Amin Mohammad Group, 2019). Low amortization is also evident from the housing costs in case of renting and buying presented in Table 7.2

7.6 Conclusion

This chapter describes the barriers that constrain the provision of MIH through the neoliberal real estate market. Neoliberal characteristics of the market and MIH in supply portfolio of the market have also been discussed with sufficient data support.

On the one hand Neoliberal economic reforms accelerated the migration to Dhaka from other cities and villages which ultimately affected the demand and prices of real property while on the other hand influenced the emergence of a neoliberal real estate market with corporate developers guided by neoliberal housing policies. Though the market is neoliberal in terms of freedom of the market and adoption of absolute neoliberal housing policies since 1993, the housing experts identified few contradictions which are mostly due to conflicting roles of the state agencies. In context of market performance, two significant characteristics were identified by the experts; one is crony capitalism and another is high income group targeted supply of apartments. Dearth of MIH provision through the market also has been demonstrated in this chapter. Then the constraints of such dearth of MIH supply have been discussed from both experts' and developers' perspectives.

First two most prominent constraints identified both by the housing experts and the developers are the controversial roles of the state agencies and the unavailability and high price of residential lands in Dhaka. The housing experts and the developers criticized the roles of the state both as regulator or enabler of the market as well as the provider of housing lands and apartments for middle and high-income segments of population which are contradictory with the neoliberal housing policies of Bangladesh. Land was also identified as second-most significant constraint by the interviewees. However, in context of land as constraints, there are roles of the state agencies to play to overcome the pitfalls in land management through effective administration. In the same way, other cited constraints like unaffordable home loan or unavailable and expensive construction loans, expensive construction materials, or high registration cost all are directly or indirectly related to the market regulating and enabling roles of the state agencies.

Chapter 8

INSTITUTIONAL FRAMEWORK TO SAFEGUARD THE HOUSING INTERESTS OF MIHs

8.1 Introduction

It is evident from the discussions in previous chapters that neoliberal economic reforms and housing strategies has aggravated the housing affordability crisis in Dhaka like most of the neoliberal cities in the World where the housing interests of even the MIHs are at risk. In this context, Chapter Seven has identified the barriers that constrained the provision of MIH through neoliberal real estate market. The constraints have been identified and discussed both from housing experts' and developers' points of view. Realizing the neoliberal market characteristics, constraints and controversial roles of the state agencies, the author, alike the housing experts, believe that neoliberal economy itself is a barrier on the way to uphold the housing interests of MIHs. Rather a new form of planned economy where the state plays the role of planning, development and distribution while the construction of housing is left for the market would be helpful to tackle the housing affordability crisis resulted from neoliberalism. An integrated approach to housing is needed which will be discussed in this chapter based on the way forwards suggested by the respondents which mostly encapsulate the required market enabling and regulating roles of the state agencies. Section 8.2 presents the suggested state interventions by the respondents to handle the constraints discussed in Chapter Seven. Based on these suggestions along with the insights of the author developed from the interviews, literature reviews and successful housing experiences in some Asian countries with neoliberal economies, where efficient state interventions deserve all the credits, an institutional framework has been depicted in Section 8.3 which might uphold the

housing interests of MIHs.

8.2 Respondents' Suggested State Interventions to Overcome the Constraints

Housing experts and developers, both pioneer and comparatively new comers, have recommended series of state interventions to tackle the impediments that exist in the provision of MIH in Dhaka. During thematic analysis, the suggestions have been organized under some broad codes. All the proposed state interventions are more or less similar without any contrasting argument, however, a state initiative, to ensure the scope of safe investment of undeclared money in property market, recommended by developers would boost up the market but be detrimental for the interests of MIHs. So, this recommendation is not being considered here. Public Private Partnership (PPP) was recommended by housing experts as well as by the developers as the solution to most of the constraints related to land, and finance, etc. PPP for housing provision has also been included in the most recent housing policy of Bangladesh. PPP will be discussed under the section 8.3 where an institutional framework will be presented.

8.2.1 Housing Experts' Suggestions

Housing experts emphasized most on the issues of 'good governance' required for smooth functioning of the housing sector. Then comes the land which was identified as the prime constraint. Hence the recommended interventions related to land also covered significant shares of the interviews. 'Support for MIHs' which include the initiatives to increase their affordability is another significant theme in the analysis of state interventions (Table 8.1). The state interventions suggested by the housing experts are described in following sub-sections.

8.2.1.1 Good Governance

Good governance is the prerequisite for success of any sector including housing. As described in Section 5.4.1 of Chapter Five, since the beginning of this century, good governance was introduced as the remedy of the negative effects of neoliberalism and to make market efficient. Housing experts suggested proper collaboration among private and public sector actors related to housing which are essential for contextual solutions through an integrated or holistic approach to housing (Table 8.1). Institutional capacity building is recommended to ensure good governance that would be able to monitor and regulate the market efficiently. Since the housing experts do believe that unregulated market would never support the interests of MIHs. The state should have the total and in-depth information of the housing sector to either regulate or facilitate the market. The state agencies should hold that capacity to have the total scenario of the housing situation of Dhaka (Housing Expert 8, Appendix 4.2).

8.2.1.2 Land

To make land available for housing and to control the price, several tools have been recommended. While most cited tools are land banking and decentralization. Dhaka based neoliberal development strategies have made this city as the major destination for the migrants from all over the country due to availability of better opportunities (Section 5.2 in Chapter 5). Decentralization is a must to reduce the population pressure on the capital Dhaka which is the root cause of most of the urban problems including housing. As shown in Figure 5.3 increased population affect the property price both in direct and indirect ways. Hence according to housing experts, to control the price of land and to release public lands for housing, decentralization of administration has no alternative. In case of Dhaka the individual ownership of land and unregulated property market have caused the price to rise unexpectedly through speculative

activities and made the land management difficult. The state has no control over this due to lack of its ownership of land. For an integrated approach to housing, control over land is essential. Hence the land banking was recommended by experts to raise the control of the state on land and ensure the bargaining capacity with the corporate developers (Housing Expert 9, Appendix 4.2).

Other ways to solve land crisis in Dhaka were the appropriate land use policy specific to Dhaka to solve unique problems related to land supply here, revised ceiling on property holding and proper monitoring and implementation of the ceiling to reduce property holding as asset and speculative purpose. Speculative investments on land that contribute to increased land prices can also be controlled by increasing tax on vacant land or different taxation for more than one holding. To allocate lands for housing for different target groups in the long term physical plan and acquire those before development was also recommended by the experts as the remedy of the constraints related to land, however, it is also a part of holistic approach to housing that is required to make housing provision affordable for MIHs.

8.2.1.3 Support for the MIHs

State interventions for the support of MIHs include mostly the financial supports that would be helpful to increase their affordability. Affordable housing loan at low interest rate and long repayment period is essential to turn the need of MIHs into effective demand. Subsidy and cross subsidy were also recommended that might support the interests of MIHs. Subsidized housing which might include allocation of land at subsidized rate by the state may help the MIHs by providing houses at reduced prices. Cross subsidy was recommended too where a portion of the higher profit made from the HHH should be utilized for the provision of MIHs. Such initiatives are helpful if

the market can be regulated properly to make corporate developers work for MIHs.

8.2.1.4 Rental Housing

Though rental housing was recommended to uphold the interests of MIHs by only two housing experts, the author has considered rental housing as an important recommendation considering the current world trend of promoting rental housing deviating from the asset-based welfare approach of neoliberalism. According to an expert “For solving the housing crisis of Dhaka, we should not always think about ownership. Rental housing would be a better solution for the ever- increasing population of Dhaka city.

Table 8.1: Name of codes under the theme ‘State Interventions’

Name of Codes	No of interviewee referred the code	Frequency of References
1 State Interventions	10	100
1.2 Construction material at low price	3	3
1.2.1 Role of BHBRI	1	1
1.3 Good Governance	10	46
1.3.1 NGO Involvement	2	2
1.3.1.1 Housing fund utilization	1	1
1.3.2 Collaboration	4	4
1.3.3 Contextual solution	8	14
1.3.4 Institutional capacity building	5	8
1.3.5 Market monitoring and regulation	9	17
1.4 Make Land Available for Housing	7	24
1.4.1 Appropriate land policy	2	3
1.4.2 Appropriate taxation of land	2	3
1.4.3 Decentralization	2	5
1.4.4 Land bank	3	7
1.4.5 Land pooling	1	2
1.4.6 Proper Allocation in Master Plan	1	1
1.4.7 Ceiling on property holding	1	3
1.5 PPP	7	13
1.5.1 Extra p for people	2	2
1.5.2 PPP for the poor	1	1
1.6 Support for MIHs	5	22
1.6.1 Financial support	4	7
1.6.1.1 Home loan	3	6
1.6.1.1.1 Financing and monitoring	1	1
1.6.1.1.2 Long term installment	2	2
1.6.1.1.3 Low interest rate	1	1
1.6.1.2 Strengthening financial body	1	1
1.6.1.3 Subsidy and cross subsidy	4	4
1.7 Rental housing	2	3

Source: Author, generated in NVivo 12, 2019

Our goal should be to accommodate different households in decent housing according to their affordability. That housing could be a rental housing which is easy to provide as rental housing involves less complex legal procedure and does not require the ownership of land and also require less affordability of the occupiers. So rental housing should be prioritized as an option for solving the housing crisis of Dhaka” (Housing Expert 4, Appendix 4.2). Due to its importance, rental housing will be discussed in detail in Section 8.3.

Table 8.2: Name of codes under the theme “State Interventions” from old developers’ interview

Name of Codes	No of interviewee referred the code	Frequency of References
1 State Interventions	5	29
1.2 Collaboration and coordination between public and private sector	1	1
1.3 PPP	7	9
1.3.1 Developer selection	2	4
1.3.2 Extra P	1	1
1.4 Regulators cannot be providers	3	5
1.5 Relaxed height zoning	2	3
1.6 Support for MIHs	7	24
1.6.1 Can provide for true MIHs	3	6
1.6.2 Housing loan	5	8
1.6.2.1 Long term instalment	1	2
1.6.2.2 Lower down payment	1	1
1.6.2.3 Reduction of interest rate	2	3
1.6.3 Reduce registration cost	2	2
1.6.4 Scope to invest undeclared money	4	5
1.6.5 Subsidization	2	2
1.7 Support for developers	8	22
1.7.1 Land	4	11
1.7.1.1 Allocation of Public Lands	1	1
1.7.1.2 Block by block development	1	1
1.7.1.3 Decentralization	4	9
1.7.2 Control investments abroad	2	2
1.7.3 Construction loans	1	1
1.7.4 Construction materials	2	4
1.7.5 appropriate business environment	3	4
1.7.5.1 Stable political condition	1	1
1.7.5.2 Stop practices as developer	1	1

Additions by the developers to those of Housing Experts’ opinion in this regard
Source: Author, generated in NVivo 12, 2019

8.2.1.5 Construction Materials

Bangladesh Housing and Building Research Institute (BHBRI) is a state agency and is responsible for carrying out research to solve housing problems by cost effective building technologies. The institutional capacity of BHBRI need to be enhanced to ensure its efficient involvement in research and innovation. And local low-cost construction materials innovated and promoted by BHBRI can solve the problem of costly construction materials which is influenced by international market.

8.2.2 Developers' Suggestions

State interventions recommended by the developers are in line with those of the housing experts except few which are specific to developers' own sake. Due to the way they made the suggestions, the comments were organized under slightly different broad codes such as 'support for developers' which were not present in case of experts' opinion, however some of the recommendations made under this code match with those under 'Make Land Available for Housing' code of the summery of housing experts' interviews (Table 8.1).

Highlighted codes in Table 8.2 indicates the new issues added by the developers in addition to those suggested by the housing experts. As for example relaxed height zoning was raised by the developers while the housing experts did not mention this issue specifically. However, they recommended total new approach of real estate development where chunk of land should be well planned and developed with higher density but with higher open space and amenities too. So revised Floor Area Ratio is required for such new approach. In case of PPP the developers emphasized the rationale and unbiased selection of developers referencing the failure of the first PPP housing project in Dhaka. This point will be discussed further in the next section.

Another new issue is the reduction of registration cost which were not indicated as remedies, however raised as constraints by the experts too. So it can be assumed that it must be done for reducing the cost of purchasing an apartment in Dhaka.

Other state interventions recommended only by the developers are totally business oriented which can help them make more profit and some are even contradictory with MIH interests. So rationally these were not recommended by the experts. As for example the State interventions ‘scope to invest undeclared money’ recommended by the developers. According to most of the developers, there should be scope to invest the undeclared money or black money for purchasing apartments without any obstacles caused by NRB or DUDOK. Such investment scope in real estate obviously would stimulate the market, however, at the same time would be detrimental for MIHs as it will increase the demand for apartments as investments and ultimately affect the prices. Instead, the earning scopes of black money should be controlled through ‘good governance’ which was recommended by the housing experts (Table 8.1).

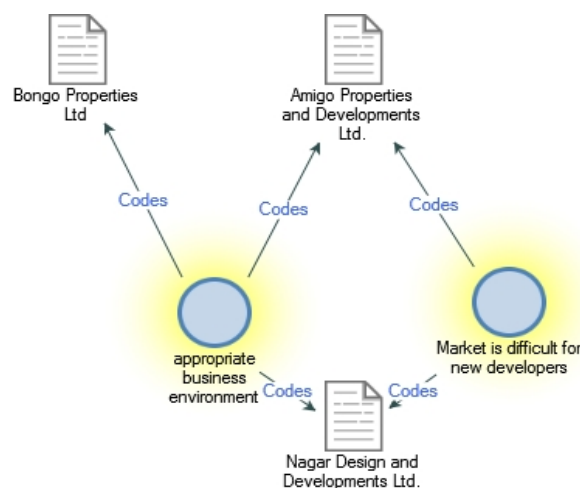


Figure 8.1: Developers contributed to the codes ‘appropriate business environment’ and ‘market is difficult for new developers’

Source: Source: Author, generated in NVivo 12, 2019

Availability of construction loan and appropriate business environment were the preconditions demanded by new developers only for expanded supply of affordable

housing through the market. Figure 8.1 shows the developers who contributed to the codes ‘market is difficult for new developers’ under the theme market constraints and ‘appropriate business environment’ under ‘state interventions’. All the developers whose concerns are these two issues are new comers in the market which reveal that new comers lack financial capital as well as have less capacities to handle the unfair means in the market.

All the suggested state interventions discussed here are not market enabling in nature, rather they include both the enabling and regulating roles and moreover the good governance was emphasized as the prerequisite for the efficient accomplishment of any kind of roles or initiatives of the state. Most of the recommended interventions made by both the experts and the developers were directly or indirectly related to making land available for housing. The role of the state agencies as direct providers was criticized while their joint initiatives like PPP with the developers with appropriate mechanisms for the provision of affordable housing were highly appreciated where block-based development approach was suggested to overcome the constraints of fragmented ownership of land. Section 8.3 presents a holistic or integrated approach to housing for upholding the housing interests of MIHs.

8.3 Conducive Institutional Framework to Safeguard the Housing Interests of MIHs

We have to adopt a more integrated approach to housing: the conversation in our country regarding state contribution to housing is dominated by the number of units provided and at what price they are sold, but a more sophisticated discussion would include who that housing is aimed at, where it needs to be, and how it is designed in order to create a change in the housing status of a city. To make housing initiative successful it is important to ensure housing completely integrated into existing urban

infrastructure, including roads, public transport, schools and health services. So, any unintegrated approach that only concern about the number of apartments results in very insignificant contribution to the problem. As for example in the ‘Uttara Apartment Project’, RAJUK is claiming their contribution by the number of allocated 4258 apartments, however, in reality 922 owners have received the keys of apartments and only 60 households moved in there who are complaining about the lack of supporting services and security systems. Hence the project is not going to contribute for the remedy of Dhaka’s housing crisis within more couple of years. Hence holistic approach to housing is essential for sake of housing interests of MIHs.

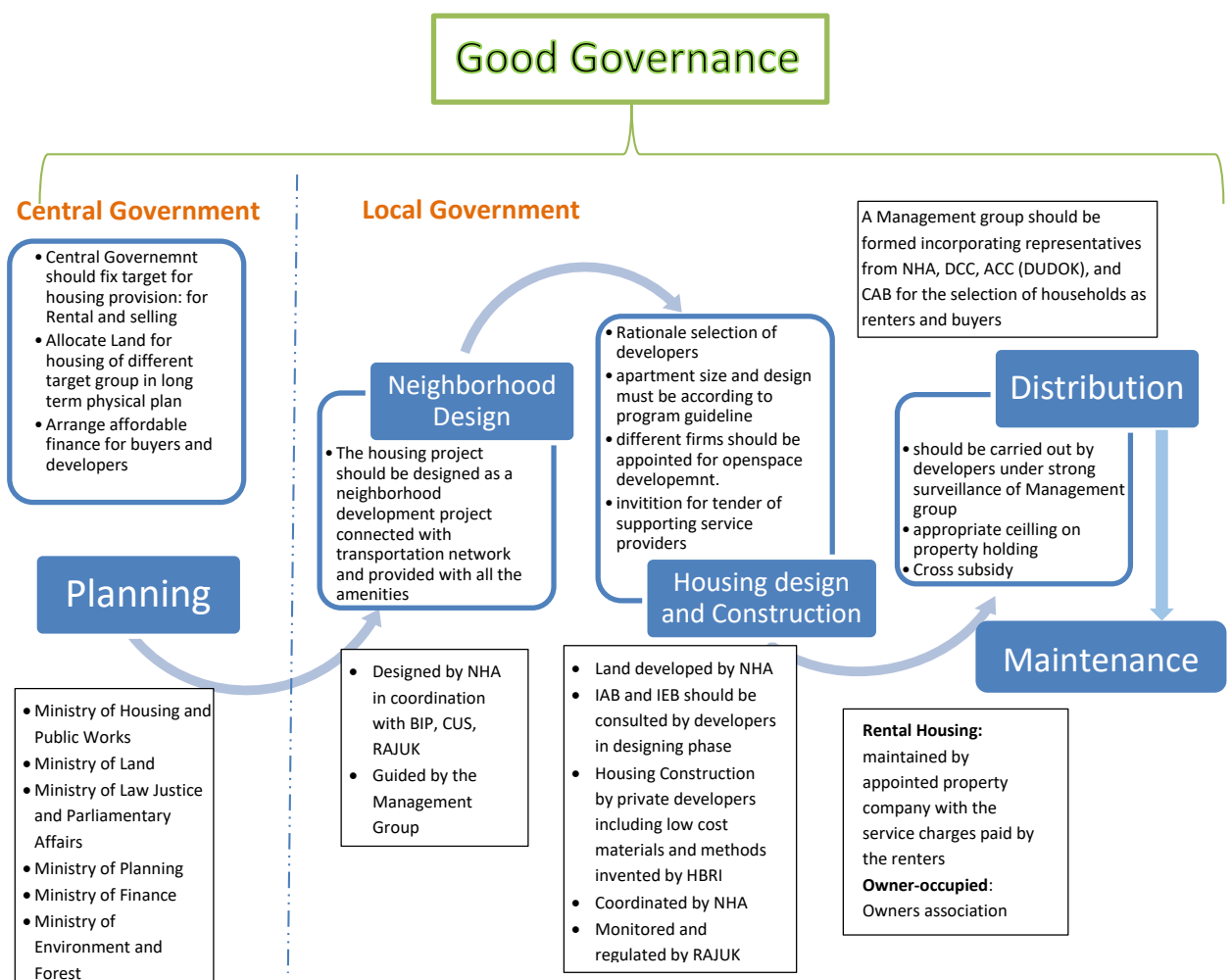


Figure 8.2: Institutional Framework to safeguard the Housing interests of MIHs
 Source: Author, based on insights developed from literature review and interview findings

In asset-based welfare approach housing is considered as an investment asset for individuals rather than a social asset for society as a whole. We have to deviate from this concept and try to make housing again a social asset through an integrated approach involving both public and private sectors. State can act as provider for housing the poor, but in case of MIH, the provision should come from the market where state should extend its role as enabler as well as to some extent regulator. The institutional framework, presented in Figure 8.2, developed based on the recommendations made by the interviewees and author's insights acquired by literature review is described in the following sections.

8.3.1 Planning

The targets of housing provisions for all income groups should be fixed at national level as well as for the capital Dhaka in proper coordination among the related ministries of the government. According to the targets, the HIH should be left for the market and middle-income housing should be provided through integrated approach by Public Private Partnership. Under the guidance of Ministry of Land and Ministry of Law, Justice and Parliamentary Affairs, the planning authority RAJUK will allocate lands for phase by phase development. Decentralization of Dhaka must be considered in allocation of land or developing new cities. However, the redevelopment scope within the city also need to be explored. In targets, rental housing should be introduced with a main purpose of solving temporary and interim accommodation needs of migrants, new employees, and house-poor MIHs. The low-rent house can be provided for lower MIHs which is non-profit and the rent is composed of maintenance and management. For middle and higher MIHs, rental units with comparatively higher rents where amortization would be included too.

Ministry of Finance should be included in the planning process to arrange construction loans and affordable home loans at varied interest rates for different income groups. Cross subsidy of interest rates may be introduced in this regard where profit made from the HIHs can be utilized to finance the subsidized loans for MIHs.

8.3.2. Neighborhood Design

The housing provision should be designed through block-based development approach recommended by the interviewees. A neighborhood concept should be adopted in designing the projects. Designs could be called from design firms where all the specifications regarding amenities, apartment numbers and sizes should be mentioned or the in-house design team of NHA may also design the neighborhood according to specifications. Bangladesh Institute of Planners (BIP), Center for Urban Studies (CUS) and RAJUK should be consulted in design phase to make the design comply with the physical plans. The best design should be considered which will fulfil the purpose of both affordability and sustainability (Mulliner et al., 2013). The design should be approved by NHA in coordination with RAJUK and under the supervision of the Management Group formed by the members from Ministry of Housing and Public works, RAJUK, DCC, and Consumers Association of Bangladesh (CAB).

8.3.3. Public Private Partnership (PPP) for Design, Construction and Distribution

A Public Private Partnership (PPP) is funded and managed through a partnership of government and one or more private companies where it is a service venture for the government and a business venture for a private partner. In the case of neoliberalism suggested privatization, the responsibilities of provisions are totally transferred to the private sector which has been proven to be inefficient in safeguarding the citizens' rights (Harvey, 2005). In this context PPP has been induced by international agencies

where both public and private actors share responsibilities, costs as well as the profits. In this way it reduces the financial burden of public actors while is resuming their controls over service provisions. In addition, it can bring in the technical and business efficiency of private sectors (Bult-Spiering and Dewulf, 2006; Savas, 2000; Doherty, 2004). Public private partnership has been widely recognized as a natural response to meet the colossal demand for housing in the context of government's dwindling budgetary capacity. A study in Kolkata depicts a rosy picture of the PPP experiences in the provision of housing due to its considerable success as the joint approach brings together the technical and managerial expertise of the private sector with the accountability and fair pricing (obligation) of the public sector to improve the delivery of good quality housing (Sengupta, 2006).

PPP is being emphasized in recent years in Bangladesh because government wants high growth rate to become a middle-income country. High growth requires huge investment which is being expected to come from the private sector. The FDI is not growing at expected rate, so the government is preferring PPP (PMO, 2010). The Office for Public-Private Partnership was established in September 2010 to act as a catalyst to proactively realize PPP projects. Before that, the BNP-led government initiated the Bhashantek Rehabilitation Project (BRP) in Mirpur for the construction of 111 six-storey buildings for slum people losing their shelters in eviction drives in 2004 through PPP. This was the first ever PPP project for the provision of housing in Bangladesh. Though, it was for providing housing for the poor, the issues responsible for the unsuccessful outcome of the project have been discussed here to identify the threats for PPP in the provision of MIH.

The project was initiated on about 50 acres of government land which was intended to build and provide more than fifteen thousand small flats to slum dwellers and people

of low-income groups. As discussed in the previous chapter, one of the most significant constraints in the provision of housing in Dhaka is the extremely expensive housing land. In case of BRP, the land was acquired by the public agency at the peripheral area of the city. Though the most significant constraint was remedied by the public sector, still the project failed to achieve its goal of providing housing to its target groups. The possible reasons derived from the literatures and interviews are described in following paragraphs of this section.

The project was due to deliver some 13,000 flats in five years ending in 2009. However, in October 2010, the project was handed over to the National Housing Authority by cancelling the contract on the grounds that the developer violated the design, construction and delivery guideline as well as the progress was too far from satisfactory. Through investigating the project details and real scenario, the land ministry detected that the private developer NSPDL pocketed BDT 300 million in addition to declared profits by selling 1,056 flats in 10 buildings at higher prices to well-off families (Key Informant Interview, 2019). In December 2015, the ministry decided to close down the project when only 18 buildings were completed and tender was called for 12 more buildings. Abandoning the plan of constructing the remaining buildings, it was decided to utilize the acquired land for developing government quarters. Hence, the misguided selection of private partner (developer) can be identified as the most significant pitfall of BRP for not being successful. For such wrong selection of the developer, the public sector is to be blamed where patron/client system or lack of good governance have been identified as the reasons (Key Informant Interview, 2019).

The design of the apartments delivered by BRP had been criticized as it has not included the aspirations of the target group. The space allocations of apartments were

tightened to a painful limit. Moreover, lack of common spaces prohibited any scope of socialization (Akter, 2013). To make the apartment affordable for the target group cost reduction was necessary. However, to reduce cost, BRP did not take any innovative measures other than reducing the apartment size to an unsustainable limit. The construction cost could be reduced up to 14.6% by using concrete hollow blocks in place of burnt clay bricks (Akter, 2013). Lack of interest in using the low cost construction materials in the provision of affordable housing is also contradictory with the national housing policies of Bangladesh where invention and use of low cost raw materials have been emphasized repeatedly. Here again the lack of good governance has been blamed which in turn failed to engage the target group to incorporate their aspirations in the design phase (Key Informant Interview, 2019).

Due to limited financial capacity of the state, PPP would be a good opportunity to use private fund for providing affordable housing. However, there are concerns regarding each and every P (of PPP) which have been derived from the failures of the aforementioned project and interviews carried out in this research (Figure 8.3). These issues should be handled efficiently to make PPP initiatives successful in the provision of affordable housing for MIHs in Dhaka.

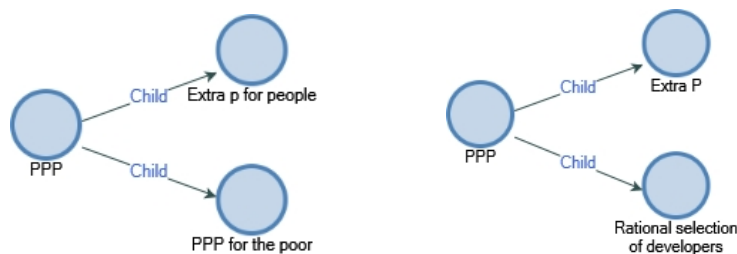


Figure 8.3: Housing experts' (left) and developers' (right) Suggestions to make PPP effective for the provision of MIH

Source: Generated by NVivo12 based on Interview data, 2019

Efficiency of the First P (Public Agencies): Upholding of Public Values

The researches on the impact of PPPs on public values have revealed that the public values can be threatened, safeguarded or even strengthened depending on the project

phase and relation between public and private sector that is influenced by the efficiency of the public sector (Reynaers, 2013; Raynaers and Graaf, 2014; Lonsdale, 2007, Weihe, 2008). Accountability, transparency, responsiveness, responsibility and quality of services, identified as some first order public values, can be defined as the fulfilment of the mandate that the representatives of the people were promised for. Here representatives include both the politicians and the public servants. According to Domberger and Jensen (1997), public values would be stronger in PPP through (1) the introduction of systematic performance monitoring, (2) the construction and use of service level specifications, and (3) the application of mechanisms that help prevent or effectively penalize noncompliance.

In case of PPP in BRP, the involvement of the public agency was limited up to the appointment of the private builder. But if the housing authority was responsible and responsive throughout the construction and handover of the apartments by proper monitoring, quality specification and penalization, the project would not end up to a total failure and abandonment. So, the public agency responsible and accountable for the provision of housing should be more efficient to monitor the private sector performance. NHA should be innovative in recommending low cost building materials and design to reduce the cost of construction which ultimately can make the housing affordable for MIHs while not compromising the apartment size. Here the Housing and Building Research Institute (HBRI) might play an important role by inventing sustainable low-cost local materials and construction method and NHA should promote the invented materials and method in the PPP projects for the housing provisions for MIHs. For upholding the public values, the Institute of Architects Bangladesh (IAB), Institute of Engineers Bangladesh (IEB) and the Management group mentioned in the Figure 8.2 should be consulted rigorously in building design,

construction and distribution phases.

Rational Appointment of the Second P (Private Developers)

One of the public values is the transparency which is essential to maintain in every phases of a PPP project. In case of Bhashantek Rehabilitation Project (BRP), there was lack of transparency in the appointment of the private developer to construct and handover 13000 flats for evacuated slum dwellers and low-income families. It is said that the appointment was based on political association rather the capacity of the developer. If the appointment was through a transparent procedure where all the interested developers could participate through an invitation of bids and the most efficient bid was selected, the project would not end up with such corruption and miss management. Both housing experts and developers suggested the rationale appointment of private developers by the public agencies to achieve the inherent goals of the PPPs for the provision of MIH (Figure 8.3).

Inclusion of Third P (People) to ensure affordability and sustainability

The sustainable affordability includes both economic affordability and the quality and accessibility of housing. Sustainable housing affordability is a relative term and varies across different group of people. A location for housing might be sustainable for one income group but would never be suitable for the other (Whitehead, et al., 2009; Stone, 2006; Bogdon and Can, 1997; Rea, et al., 2008). So, to make housing affordable and sustainable for the target group the participation of that group in the decision making is essential. In case of BRP the community for whom the project was designed never be consulted in any phase of the project including site selection, design of the apartments, decision regarding the provision of community services, etc. To make any housing project both affordable and sustainable for the community, the participation

of the households for whom the project is initiated is essential. Therefore, in PPP projects for the provision of MIH, the inclusion of the appropriate representatives of MIHs (People (P)) in every stage starting from the designing of the project is important for the success of the project.

The distribution of apartments both rental and owner-occupied will be done by the appointed developers under the surveillance of the Management group. Strict selection criteria will be followed to serve the genuine target group and restrict the purchase as investment. To select the buyer of the apartments, the floor spaces and rents of the apartments currently they are living in, property portfolio of individual households and income documents should be cross checked by the management group to restrict the scope HIHs to purchase such MIHs targeted apartments for investment purpose.

8.3.4 Maintenance

To maintain the rental apartments property companies should be hired who will collect the rent and manage and maintain the properties with a portion of that and submit the remaining rental income to NHA. The property company could be the developers themselves where they have such services. The selection of property company and monitoring the maintenance would be done by the management group in association with renters' association.

The maintenance of owner-occupied apartments would be the sole responsibility of the owner associations. Before formation of owners' association developers could provide the services with the service charges. The procedure of maintenance of owner-occupied housing would be the same as the apartment projects of the developers are currently being maintained and managed by owners' associations.

Success of the whole process shown in Figure 8.1 depends on good governance which

is essential for removing the deep-rooted corruption in the state agencies of Bangladesh. To ensure good governance, several initiatives are being taken by the government with the advocacy of international organizations. Recently taken anti-corruption initiatives are also remarkable. Hence, we can hope that good governance of the service providing agencies would be achieved and help the proposed institutional framework to attain the goals of the housing provisions for MIHs.

8.4 Conclusion

For the remedy of the constraints, discussed in Chapter 7, that hinder the provision of MIH through market, the interviewed developers recommended series of state interventions which reveal that the neoliberal market alone is not capable of providing MIH as long as they are working with full freedom of neoliberalism but in absence of efficient market enabling by the state agencies. The most recent housing policy of Bangladesh has suggested PPP as the option for the provision of housing that are not being provided by the market. PPP has been suggested by most of the housing experts and developers too. However, the author think that PPP only is not the solution. Other remedies mentioned by the interviewees indicate the necessity of a holistic approach to housing in place of the current piecemeal initiatives taken by the public agencies. Public agencies who are controlling the development like RAJUK is also acting as provider of housing in the market which was criticized vigorously. The responsibilities of RAJUK include the planning and controlling the development of Dhaka. It should concentrate on and carry out these responsibilities with all efforts while NHA would be the sole responsible for the provision of housing through PPP. After ensuring good governance such large scale housing project will boost up the economy too.

Chapter 9

CONCLUSION

9.1. Introduction

This concluding chapter tries to narrate the answers of the research questions which have been set forth in the beginning of this research to achieve the aim. This research aimed at examining the impact of neoliberalism on housing provision in the capital Dhaka by analyzing the housing condition, policies and institutions with reference to international theories, policies and practices, and looking for an inductive institutional framework to safeguard the housing interests of MIHs by exploring the expected role of the state. For attaining the aim, the first research question (how did neoliberalism impact the housing provision in Dhaka?) has been answered by reviewing the literatures on interrelation between neoliberalism and housing both in global context and in context of Dhaka. From the global context the theoretical background was developed to investigate the impact of politico economic changes on housing provision in Dhaka. For better understanding, an intensive overview of the housing scenario of Dhaka with specific attention on MIH has been made in Chapter 2. The politico economic changes of Bangladesh focusing the neoliberal paradigm shift and its impact in housing sector have been analyzed based on literatures and findings of in-depth interviews with housing experts, professionals of public agencies and housing developers. Housing is a concerted phenomenon and depends on several components like land for housing, housing finance, and in in broader context influenced by physical and economic development guidelines too. To understand the institutional transformation to adapt with the neoliberal approach in housing, the second research question (how the institutional framework for housing has been transformed?) has

been answered based on the intensive review of literatures as well as the gray materials produced by the public agencies related to housing and physical and economic development guidelines adaptation for the city. The answer to the second research question provide the proof that the state has adopted ‘market enabling’ approach in housing provision for MIHs at policy level and intervened the market to some extent. Based on the findings driven from the answers to the first two research questions, the third question (what are the constraints in the provision of MIH caused by the state’s intervention or nonintervention?) has been tried to be answered based on the opinions made by both housing experts and the developers. Examination of the constraints identified from both experts’ and developers’ perspective contributes to answer the final research question (why and how the institutional framework need to be modified to uphold MIH interests?).

9.2. How did Neoliberalism Impact the Housing Provision in Dhaka?

The neoliberalism initiated due to the crisis of Keynesian welfare states in the United States and England in the 1970s. Neoliberalism was introduced in Bangladesh in the early 1980s through Structural Adjustment Programs (SAPs). Garments industry is one of the most significant outcome of neoliberalism in Bangladesh which flourished only in Dhaka. Privatization is another neoliberal strategy which also contributed to make Dhaka the mega city by mushroom growth of private clinics, hospitals and universities. All the neoliberal economic development efforts were Dhaka focused and made Dhaka the destination of migrants from all over the country. The soaring population created huge demand or need for housing. In the supply side, due to the withdrawal of investment ceiling and trade liberalization, real estate developers emerged in the market and started gentrification by demolishing old low rise structures initially near to city center and then in residential areas. However, the supply never

matched with the ever increasing need for housing in Dhaka. Though the state adopted market enabling housing policy, could not facilitate the formal market to expand the supply for MIH. Rather, the absence of an efficient market regulating mechanism, the unhealthy competition of both land and housing developers have caused unexpectedly high land price in Dhaka and made homeownership unaffordable for MIHs. The review of literatures on neoliberal impacts on housing provisions across the world have been identified that the homeownership focused housing strategies (ABW) of neoliberalism have encouraged both house price and rent appreciation, and state and market led gentrifications in neoliberal cities have caused sharp increase in property prices which ultimately have caused housing affordability crisis. The affordability crisis is most acute in cities of developing countries. Based on these findings the case of Dhaka was investigated and similar outcomes of neoliberalism have been identified.

9.3. How the Institutional Framework for Housing has been Transformed?

The most significant transformation of institutional framework for housing provision in Dhaka is the emergence of the corporate developers as housing providers in the market. Strategies like the withdrawal of investment ceiling, import liberalization and restructuring of tariff adopted by the industrial policies since the early 1980s to encourage private investment also stimulated the investment in real estate sector by private developers. The market enabling strategy promoted by the world bank was fully reflected in the first ever national housing policy of Bangladesh adopted in 1993, though its implications were very limited besides the formation of National Housing Authority. National Housing Policy recommended the formation of a National Housing Council and a National Housing Authority (NHA) in order to coordinate the functions of different public agencies and the private sector actors related to housing and to own and implement the housing policy. Another initiative to ensure conducive

institutional framework was the formation of an umbrella organization for private real estate developers named Real Estate and Housing Association of Bangladesh (REHAB) in 1991. The prime role of REHAB is to protect the interests of both the housing developers and the customers.

Neoliberal housing policy suggests state's intervention to make housing finance available. Such initiative was the enactment of the Financial Institutions Act in 1993 which opened the door for private housing finance companies to operate. The number of mortgage providers in Dhaka has increased since then, though the mortgage interest rates are still unaffordable for MIHs.

The enabling role of the state as suggested by the World Bank is to intervene in the market to ensure accessibility and secure tenure of land by easing the constraints through efficient land administration. The government of Bangladesh has failed to take initiatives like land reform strategies, imposition of effective property taxes and ceilings for combating the disparity in land ownership. Projects have been taken very recently by the Ministry of Land for digitizing the Mouza maps and Khatians and to provide Digital Land Management System for city corporations. The completion of these projects would produce digital land administration to ensure secured land tenure and land transfer which is essential for increasing housing supply.

9.4. What are the Constraints in the Provision of MIH?

Two most prominent constraints identified both by the housing experts and the developers are the controversial roles of the state agencies and the unavailability and high price of residential lands in Dhaka. The housing experts and the developers criticized the roles of the state both as regulator or enabler of the market as well as the provider of housing lands and apartments for middle and high-income segments of

population which are contradictory with the neoliberal housing policies of Bangladesh. Land was identified as second-most significant constraint by the interviewees. However, in context of land as constraints, there are roles of the state agencies to play to overcome the pitfalls in land management through effective administration. In the same way, other cited constraints like unaffordable home loan or unavailable and expensive construction loans, expensive construction materials, or high registration cost all are directly or indirectly related to the market regulating and enabling roles of the state agencies.

9.5. Why and how the Institutional Framework Need to be Modified to Uphold MIH Interests?

The most recent housing policy of Bangladesh has suggested PPP as the option for the provision of housing that are not being provided by the market. PPP has been suggested by most of the housing experts and developers too. However, the author think that PPP only is not the solution. Other remedies mentioned by the interviewees indicate the necessity of a holistic approach to housing in place of the current piecemeal initiatives taken by the public agencies. Public agencies who are controlling the development like RAJUK is also acting as provider of housing in the market which was criticized vigorously. The responsibilities of RAJUK include the planning and controlling the development of Dhaka. It should concentrate on and carry out these responsibilities with all efforts while NHA would be the sole responsible for the provision of housing through PPP. After ensuring good governance large scale housing project though PPP where public values should be stronger, private partners should be appointed transparently based on their efficiency and engagement of people should be more vigorous, might uphold the housing interests of MIHs as well as boost up the economy.

9.6. Methodological Limitations and Direction for Further Research

This research is exploratory in nature. The aim was to explore the neoliberal market performance in the provision of MIH in Dhaka and institutional framework to safeguard the MIH interests through this neoliberal market. To fulfill the objectives, the study depends on intense literature review to develop theoretical background on the impact of neoliberalism on housing provision in global context and then in context of Dhaka. Status of MIH provision in Dhaka, neoliberal market performance as well as required institutional framework to uphold MIH interests have been explored incorporating tripartite perspectives of the housing experts, who have intense insights into the housing of Dhaka, the real estate developers and the professionals of public agencies through in-depth interviews. The housing affordability crisis of MIHs is well proven in context of Dhaka and the author's MSc thesis also has proved that based on a household survey on middle income group in 2004 (Farzana, 2004). The current status of MIHs' affordability and aspirations has been rechecked based on the opinions made by the housing experts and a recent situation report on MIH in Dhaka prepared by BRAC Institute of Governance and Development (BIGD, 2017). However, the MIH is a much critical and less focused issue in Dhaka. And MIG is continuously changing in context of housing affordability and aspirations. So to adopt a holistic approach to provide MIH through PPP initiatives, longitudinal research on MIHs' affordability and aspirations is essential.

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Appendix

Appendix 4.1: Guidelines for in-depth interviews

Interview Guide for the Housing Experts

1. Name and Designation of the interviewee.....
2. Changes of housing supply system in Dhaka over time since 1947 and impact of Neoliberalism (since 1980s)
3. Is the current housing policy truly a neoliberal housing policy?
 - Is the policy suitable in the context of Dhaka?
 - What are the implications of the policy?
4. Whom do you consider as a middle income household in the context of Dhaka?
5. Housing market performance in the context of MIH provision
 - Land
 - Housing supply
 - Housing finance
 - Services/utilities
6. Barriers that constrain the provision of MIH
7. Do you think promotion of resale market can ease the crisis of MI housing? How resale market can be promoted?
8. Regulation and control required for resale market to make it work for MIHs
9. The interactions of the state organizations with the market that match or contradict neoliberal philosophy
10. Do you think market can solve housing crisis of middle income people?
11. What interventions can be made by the State to make market work for the provision of MIH?
12. Recommended five housing experts in Dhaka

Interview guide for housing developers

1. Name of the company.....
2. Operating in the market since.....
3. Name and designation of the interviewee.....
4. Target population (Income range).....
5. Who are the buyers (profession, status, etc.)?
6. Whom do you consider as the MIH in the context of Dhaka?
7. Land acquiring procedure
8. How is the price of an apartment determined?
9. Is the supply suitable for MIHs? (Price should be within 3 times the annual income of the household)
10. Do you think HI market is saturated?
11. Future plan for the provision of MI housing.
12. Do you think promotion of resale market can ease the crisis of MI housing? How resale market can be promoted?

13. Regulation and control required for resale market to make it work for MIHs
14. Supply constraints caused by formal institutions
15. Supply constraints caused by informal institutions
16. Demand constraints caused by formal institutions
17. Demand constraints caused by informal institutions
18. Expected state initiatives for the provision of middle income housing
19. Causes of real estate bubble during 2005-2010 (easy credit?)
 - Number of completed projects
 - Current Vacant flats
 - Number of handed over housing units
 - Average size and price of flats
 - Number of flats in pipeline

Interview guide for land developers

1. Name of the company.....
2. Name and Designation of the interviewee.....
3. Target group (income range)
4. Who are the buyers (profession, status, etc.)?
5. Procedure of land acquisition
6. How the price of developed plots is determined?
7. Causes of high land price.
8. Supply constraints caused by formal institutions.
9. Supply constraints caused by informal institutions.
10. Demand constraints caused by formal institutions.
11. Demand constraints caused by informal institutions.
12. Expected state initiatives to make land available for affordable housing.
 - Total plots handed over
 - Total number of plots that have been developed
 - Number of unsold ready plots
 - Average size of plots
 - Average price of plots
 - Number of plots in pipeline

Interview guide for the professional of NHA

1. Name and Designation of the Interviewee.....
2. With which goals and objectives did HSD transform into NHA?
3. How is NHA different from HSD in context of both activities and jurisdictions?
4. Process of housing policy preparation (Influencing factors)
5. Do you think housing policy should be reviewed more frequently?
6. How far has the national housing policy of Bangladesh been implemented?
7. Was there any programme designed by NHA as a follow-up of national housing policy of 1993, 2004 and 2017?

8. Can you please tell me about the decision making process for initiating housing and land projects? Please describe in light of the official policy and practice at NHA.
9. Do you think that the land so far NHA has acquired is adequate compare to the total housing demand as estimated?
10. Whom do you consider as the MIH in the context of Dhaka?
11. Do you think state organizations should provide MIH or only limited to the provision of Housing for LIG and the poor? Give the opinion in the light of the capacity of the State.
12. Why NHA has not taken any PPP project yet? What are the constraints?
13. Can you please tell me about the selection procedure of the applicants for the allocation of plots and housing units among the proper target group? Please describe in light of the official policy and practice at NHA.
14. How NHA coordinates with other actors involved in urban development and housing provision?
15. Constraints in the residential real estate market that hinder the provision of MIH.
16. How does NHA play role as a market enabling agent?
17. Do you think market can solve housing crisis of middle income people?
18. What interventions can be made by the State to make market work for the provision of MIH? (including institutional rearrangement)
19. Do you think promotion of resale market can ease the crisis of MI housing? How resale market can be promoted?
20. Regulation and control required for resale market to make it work for MIHs.
21. Plan for the next 20 years for the provision of land and housing. (working papers)
 - Completed projects in Dhaka designed for MIG
 - Land
 - Housing
 - Ongoing Projects in Dhaka designed for MIG
 - Land
 - Housing
 - Handed over housing units
 - Handed over plots
 - Average plot size
 - Average flat size
 - Average flat price/sqft #Average plot price/sqm/katha #plots and flats in the pipeline

Interview guide for the professional of RAJUK

1. Name and Designation of the Interviewee.....
2. How does RAJUK play role in the preparation and implementation of Housing Policy?
3. How far has the national housing policy of Bangladesh been implemented?

4. Was there any programme designed by RAJUK as a follow-up of national housing policy of 1993, 2008 and 2017?
5. Do you think that the land so far RAJUK has acquired is adequate compare to the total housing demand as estimated?
6. Can you please tell me about the decision making process for initiating housing and land projects? Please describe in light of the official policy and practice at RAJUK.
7. How does RAJUK coordinate with other actors like DCC, DWASA, other government organizations, land and housing developers and land owners in case of acquisition and land/housing development?
8. Whom do you consider as MIHs in Dhaka?
9. Do you think that in matter of providing affordable housing, the recommendations made in DMDP Master Plan reflect the opinions, capabilities and conditions of Low and Middle Income Households?
10. Why RAJUK has not taken any PPP project yet? What are the constraints?
11. Do you think state organization should provide housing for MIG or only limited to LIG and the poor? Give the opinion in the light of the capacity of the State.
12. Can you please tell me about the selection procedure of the applicants for the allocation of plots and housing units among the proper target group? Please describe in light of the official policy and practice at RAJUK.
13. How does RAJUK play role as a market enabling/market regulating agent?
14. Constraints in the residential real estate market that hinder the provision of MIH.
15. Do you think housing market can solve the housing crisis of MIHs?
16. What interventions can be made by the State to make market work for the provision of MIH? (including institutional rearrangement)
17. Do you think promotion of resale market can ease the crisis of MI housing? How resale market can be promoted?
18. Regulation and control required for resale market to make it work for MIHs
19. Plan for the next 20 years for the provision of land and housing. (working papers)
 - Completed projects in Dhaka designed for MIG
 - Land
 - Housing
 - Ongoing Projects in Dhaka designed for MIG
 - Land
 - Housing
 - Handed over housing units
 - Handed over plots
 - Average plot size
 - Average flat size
 - Average flat price/sqft
 - Average plot price/sqm/katha
 - Plots and flats in the pipeline

Interview guide for the professional of BHBFC

1. Name and Designation of the interviewee.....
2. What is the operational procedure to disburse housing loan by BHBFC?
3. Does BHBFC consider the affordability of different income groups of people for designing their loan schemes?
4. Are existing terms and conditions of BHBFC loan suitable for MIHs considering the housing provision and affordability of MIHs?
5. Is there any procedure to restrict the access of HI and affluent households to the loan schemes of BHBFC
6. Barriers that constrain the expansion of housing finance market to provide affordable housing loans for the MIHs
7. Required state initiatives for the expansion of Housing finance market for affordable housing loans.
8. Change in policy in 2009 (causes of housing bubble)
9. Causes and effects of subsidized home loan for civil servants

Interview guide for the professional of REHAB

1. Role of REHAB in Real Estate Market
2. What are the constraints that REHAB faces in performing its role as a coordinating agency in the market?
3. Initiatives to protect the interest of the developers (already taken and planned to take)
4. Initiatives to protect the interests of the buyers (already taken and planned to take)
5. Initiatives to protect the interests of the state (already taken and planned to take)
6. Initiatives for better market performance (already taken and planned to take)
7. Market performance
 - a. Land
 - b. Housing
 - c. Finance
8. Role of the developers that are responsible for the lack of MIH provision
9. Role of the State agencies that are responsible for the lack of MIH provision
10. Role of informal institutions that are responsible for the lack of MIH provision
11. Would you please assess the role of state agencies as housing provider?
12. How can the scope of REHAB be enhanced in respect of market enablement
13. Required State interventions (institutional rearrangement) for making the market work for affordable housing provision.

Appendix 4.2: Name and Designation of interviewed Housing Experts

1. Prof. Nazrul Islam, Chairman, Center for Urban Studies
2. Architect Salma A. Shafi, Secretary, Center for Urban Studies
3. Prof. Roxana Hafiz, Department of Urban and Regional Planning, Bangladesh University of Engineering and Technology
4. Prof. Ishrat Islam, Department of Urban and Regional Planning, Bangladesh University of Engineering and Technology
5. Prof. Musleh Uddin Hasan, Department of Urban and Regional Planning, Bangladesh University of Engineering and Technology
6. Prof. Shayer Ghafur, Department of Architecture, Bangladesh University of Engineering and Technology
7. Prof. A. K. M. Abul Kalam, Department of Urban and Regional Planning, Jahangirnagar University
8. Dr. Md. Akter Mahmud, President, Bangladesh Institute of Planners
9. Prof. Afroza Parvin, Architecture Discipline, Khulna University
10. Prof. Anirban Mostafa, Architecture Discipline, Khulna University

**Appendix 4.3: Name of Real Estate Companies
'Old': operating in the market since the 1990s**

1. Building Technology and Ideas Ltd.
2. Sheltec (Pvt.) Ltd.
3. The Structural Engineers Ltd. (SEL)
4. South Breeze Housing Ltd.
5. Amin Mohammad Group

'New': enter the market after 2005

6. Assure Group
7. Amigo Properties and Developments Ltd.
8. BONGO Properties Ltd.
9. Brick Works Development Ltd.
10. Nagar Design and Developments Ltd.