

Housing for Metropolitan Poor and Rich in Sri Lanka: Emerging Features

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The objective of the study is on understanding the emerging relationship between state, market and social classes in the Colombo Metropolitan Region. The study reveals that the rising demand especially among middle and upper classes for private housing localities, selling their products along with multiple amenities, has resulted into a steep rise in land prices, hence making the private housing out of reach for the lower classes, which then look for government housing schemes. The study has shown the banking facilities for housing loans have further enhanced the interest of people in private housing societies, providing a big boost to the existing housing market. There is an urban regeneration and renewal program that mass eviction of the poor people from central parts of Colombo. The lands thus available are being used for commercial and luxury housing development. The process has led to the emergence of urban classes that drawing an identity from the housing structures.

[Key Words: *Housing Market, Urban Renewal, New-localities, Congestion, Classes, Polarization]*

Introduction

Housing is a multi-dimensional problem. It is essentially an important element in the process of urbanization (Ganepola 2004:9). Sri Lanka is having an acute housing problem. For instance, 51 per cent of the Colombo's total population still lives in slums and with shanties conditions (Deheragoda 2004). On the other hand, the demand for houses and urban infrastructure is expanding rapidly with the population growth and urbanization. The national population is growing at the rate of 1.0 per cent annually, whereas the urban population is growing at a higher rate of 3.0 per cent. The current urban population in Sri Lanka consists of 15 per cent of the total, which is a rather low figure comparing to the global situation, but it will reach 30-35 per cent by the year 2030 and over 50 per cent by 2050, respectively (NPPD 2005).

Objectives of the Study

The present day version of shelter in the form of mass housing are usually answers to the quantitative requirements of people such as income level, family size, floor area, design standards, cost, profit or surplus factors, etc., but housing could also facilitate the realization of other human needs which are of a

qualitative nature. These qualitative requirements are the socio-cultural and psychological requirements (ways of life, neighbourhood relationships, environmental qualities, identity, privacy, security, social status, etc.). Thus, many people in modern day society expect to have homes rather than houses. The expectation of any person is to own a home not a mere house (Cooper 1974:134). This factor reveals the importance of fulfilment of the qualitative requirements of users in housing. The solutions for the housing problems in Sri Lanka in the form of large scale public sector housing complexes and condominium are considered by some critics as failures in this context. It is argued that the lack of self-expression in prototype/high-rise houses of those housing complexes is unattractive to potential buyers/inhabitants. In the above context, the main research question addressed in this study is to investigate the impact of the recent neo-liberalization policy on urban housing policy in Sri Lanka.

Methodology

The present study is exploratory in nature. It has focused on three selected major urban housing complexes, which are planned and implemented by the both public sector and private sector in the Colombo Metropolitan Region (CMR). They are: (a) 'Sahasapura' - A Relocated Low-Income Housing Complex/Condominium constructed by the government in the 1990s; (b) 'Mattegoda' - A Lower Middle and Middle Class Housing Complex constructed by the government in the 1980s; and (c) 'Millennium City' - A Middle Class and Higher Middle Class Housing Complex - constructed by the private sector in the 2000s. The choice was mainly based on all the income categories of the actual inmates. The sample for the quantitative survey was selected by using the random sampling method. The sample size was kept at 325 units from the three-selected housing communities. The following main research tools were employed for the data collection among the respondents: (1) Sample Survey, (2) In-depth interviews, and (3) Non-Participant observation. Both quantitative and qualitative data, for this study were collected within 2006-2010.

Housing Construction in Colombo

The specific political developments have influenced the state's role in housing development in Sri Lanka. However, in 1948, there was no state involvement in the housing activities in Sri Lanka, except the Rent Act, instituted in 1942, to prevent the exploitation of a war-time scarcity by housing landlords. The low quality of the housing stock and scarcity of houses compelled the government to increase its involvement in housing activities after independence. In this period, the major focus was on the housing facilities for the low and middle income groups in urban areas. The following measures were implemented: (a) Establishment of a Housing Loan Fund in 1949 and making the provision of housing loans to companies, co-operative societies, building societies and individuals; (b) A new Rent Restriction Act, regulating the contractual relationship between landlord and tenant was passed in 1954; (c) Granting housing loans through the Municipal Councils and the Urban

Councils; and (d) Establishment of the Department of Housing in 1953 and the creation of a new National Housing Fund to enhance housing loan facilities to the low and middle income groups. Provision of the housing loans, construction of rental and rent purchase housing, clarification of land titles and land acquisition for building societies also were some of the activities undertaken by the Department of the National Housing during this period.

Towards the end of the 1960s, the main institutions involved in housing activities were the Colombo Municipal Council (CMC), The Department of National Housing, the Public Works Department and the Town and Country Planning Department. The major housing schemes were completed by the end of the 1960s for the low and middle income groups in urban areas. Between 1970 and 1977, the government primarily relied on the property restrictions and rent control in the area of housing. These included: (a) Implementation of the Rent Act in 1972, protecting the rights of the tenants; and (b) Housing Property Law No one adopted in 1973, restricting ownership of private houses. Due to this legislation, the private sector was discouraged from providing houses to the customers. However, since the 1970s, the Sri Lankan government had shown a considerable commitment to addressing the housing concerns of the urban poor. The housing and municipal authorities, with the assistance from a range of local, national and international agencies and organizations, introduced a series of ground-breaking initiatives for this purpose.

The United National Party government, elected to office in 1977, introduced a comprehensive package of economic reforms, which sought to almost totally reverse the economic policies of the pre-1970-1977 era. The new strategy was, from the beginning, directed towards transforming the economy from state control to one in which the private sector would play the lead role and market forces determine the allocation of resources. As a result, the pent up demand for housing had to be met and there was an unprecedented level of construction activity both for housing and commercial building. Therefore, land, houses, and property values, especially in the city and suburbs, recorded an unprecedented increase after 1978 due to 'economic reforms' that thus began to exert upward pressure on land and house prices. This trend of increasing prices of land and property has created numerous problems related to the construction of dwelling houses as well as other buildings. The faster growth of housing activities after 1978 created a higher demand for residential and building blocks in Colombo. The public sector Hundred Thousand Houses Program, Million Houses Program, and 1.5 Million Houses Program, and so on, the Sri Lankan government adopted several measures to promote housing activities. These included the provision of incentives and tax relief to property developers.

The boom in the property market, during the period 1978-84, resulted in the creation of a new generation of property developers who concentrated on housing development in contrast to land development. Lakshman (1997:8) has indicated that, "The period, 1977-82, witnessed the best results of liberalization in Sri Lanka. The general improvement in urban development during this period

mostly benefited the property developers. The establishment of the Urban Development Authority (UDA) in 1978, and development of urban areas together with the development of the urban transport system through the areas of property development were important measures, which benefited the property developers. Several tax relief measures and the granting of incentives to property developers resulted in the promotion of housing development. As a result of the above incentives, some of the developers built luxury houses for rich individuals and sold them at the then at current market rates. Thus, new suburban construction has created to make available houses for the upper and middle income groups and has resulted in very high accommodations standard for a majority of the urban Sri Lankans. Thus, the urban development in Sri Lanka today is dominated by large condominiums and building companies. For example, 77 condominium projects were established in the city of Colombo during 2002-2004 (Niriella 2010: 120). Also, a significant number of building construction organizations (2265) have been established over all nine provinces in the country in 2006 (*ICTAD*). Also, most of them (35 per cent (800) of developers/builders) have been scattered in the CMR. However, majority of the property developers are concerned with profits rather than helping the poor in the city.

Also, the relative scarcity of land and the corresponding increase in land prices, in the Colombo Urban Area, have led to the conversion of low lying marshy areas into residential, commercial and industrial uses by reclamation and sub-divisions carried out by the private sector. The UDA and the Board of Investment mainly concentrate on the supply of land for industry. The National Housing Development Authority (NHDA) supplies land for housing of low and middle income groups along with the private sector agencies who build houses mainly for the middle income groups. The lower middle-income groups cannot afford these houses and have to go in for land provided by brokers through the sub-divisions of coconut and rubber plantations. These lands, which are mainly in urban fringe areas, sometimes lack facilities such as electricity, potable water, even proper access roads, etc. As a result, during the past thirty years, the various interest groups involved in the property and housing market notably the housing construction companies, the savings and loans associations, and the realtors had grown into a powerful lobby that had strongly influenced state urban housing policy in Sri Lanka.

Under the government's initiative, banking sector in the country also implemented special housing loan schemes to cater to the increasing needs of the society, especially of the working class. As a result, the banks have released large amount of funds as housing loans. There are a number of banks offering the various housing loan facilities to help people build their dream home. The purposes of granting these housing loans are shared by all the public sector banks. They are: construction of house, purchase of house, purchase of land and construction of house, additions and improvements to the existing house or its renovation, completion of a partially constructed house, etc. The Sri Lanka

Mortgage and Investment Bank and the Housing Development Finance Corporation continue to be the major sources of housing finance to individuals and real estate developers. All other commercial banks, including the Bank of Ceylon and the People's Bank, provide loans to house builders and other individual customers at low interest and on a long-term basis. The National Saving Bank also provides housing loans to its employees as well as others at concessionary interest rates. Most of the other banks also provide concessionary loans to their employees and customers.

Most of the private banks have concentrated on the urban customers and, therefore, have located most of their branches in the urban areas. For example, the Hong Kong Shanghai Banking Corporation has indicated the eligibility criteria for home loans in its brochure as follows: "HSBC is the world's local bank ready to give home loans for any citizen who is living in urban areas. If you are a Sri Lankan national who wishes to build or buy land or property situated within 35 km of our main branch in Colombo Fort or 20 km of our Kandy branch (The second largest city in Sri Lanka) or situated within the main municipal council limits". However, the recent housing development activities in the private sector have been oriented towards the middle-income and higher-income groups.

Locality One (Sahapura Housing Community)

The Sustainable Townships Program as a new urban housing project and the Real Estate Exchange (Pvt.) Ltd as the management arm of such program were launched and set up by the People Alliance government in 1998 and in mid-1999 respectively. It is situated in Borella in Central Colombo, a thirteen storied high rise condominium housing complex in an area of 2.2 acres, for low-income dwellers who have been resettled from adjoining slum areas as well as Maradana and Panchikawatta. This is the first-largest ever residential/condominium building in Sri Lanka. The Sahapura Housing Complex comprises of 671 apartments in the range of 300 square feet to 600 square feet with the required infrastructure such as individual water, electricity and telecommunication connections, community and entertainment facilities, pre-schools and day care centers, commercial and parking spaces. As and when each of the designed family is moved into an apartment, the family is expected to surrender the land previously occupied by it. Each family had to pay SLRs: 25,000 as a maintenance fee for the apartment and at the stage of occupation they were provided with a deed and ownership of the apartment. This is the first time ever households living in under-served settlements are getting a chance to receive houses under the programme without political, ethnic or social discrimination.

Locality Two (Mattegoda Housing Community)

The Mattegoda Housing Complex is located about 25.6 km, away from the CBD of Colombo. This housing complex, constructed on an urban fringe land, called 'Mattegoda Estate', is on an area of 990 acres. Under the sponsorship of the President, Ranasinghe Premadasa, the foundation for this

complex was laid down in 1978 and the construction work was completed in 1985 by the Navaloka Construction Company Ltd. The Mattegoda with 1122 units which is one of the largest urban housing complexes constructed under the Hundred Thousand Houses Program. The housing complex is to accommodate the families of the lower-middle and middle-middle class government employees. This housing complex is built on the land ranging 400 square feet to 1200 square feet with the required infrastructural facilities.

Locality Three (Millennium City Housing Community)

The Millennium City-luxury residential complex is located in Oruwala, Athurugiriya about 15.4 km, away from the city of Colombo. A person can reach this housing scheme within thirty minutes by own transport from the CBD of Colombo. The Ceylinco Developers Ltd, a well-known building organization in Sri Lanka was implemented the Millennium City housing complex in 1998. The Millennium City Housing Complex has the most variety of options opened to the people of different income levels within the middle class. This housing complex consists of 1,669 units, with six different types of houses named as Paradise, Olympus, Tulip, Horizon, Heartland, and Shop House. After the coming of the Millennium City Housing Complex, many middle class individual houses have been constructed in the surrounding areas.

Migration and Settlements

It was noted that the majority of them had migrated from the Western Province of Sri Lanka and were living in the Sahaspura (85 per cent out of 100 respondents), Mattegoda (46.4 per cent out of 112 respondents), and Millennium City (54.0 per cent out of 113 respondents) housing community sampled. The remaining had migrated from rest of the provinces of Sri Lanka. It is also interesting to note that a large majority of such migrant residents in all the three residential communities, covered in our study, come from both rural and urban areas. Thus, Sahaspura, 95 per cent of the residents have come from urban background. This is so as they were staying for their two or three generations in Colombo city before shifting there. However, the contrary trend has been noted in the case of Mattegoda and Millennium City in which 71.4 per cent (80) and 63.7 per cent (72) respondents living there respectively had migrated from rural areas. The remaining 28.6 per cent (32) and 36.3 per cent (41) of the respondents living in these middle class housing complexes respectively come from both the urban or suburban and semi-urban or suburban background.

Educational Levels

It is evident that a majority (51 per cent) of the respondents in Sahaspura Housing Community had completed their post primary education, while 19 per cent had received their education of the Ordinary Level, and another 7.0 per cent had at the Advanced Level. The overall educational standard was low as was usually the case among low-income dwellers in Colombo. Generally, the educational level of the respondents from the Mattegoda Housing Community was high. A large majority of them had

received secondary 26.8 per cent; having tertiary (40.2 per cent), 17.9 per cent technical/vocational education and 11.6 per cent had graduate and postgraduate level of education. Also, compared to this the educational level of the respondents living in the Millennium City Housing Community was very high (tertiary education 30.1 per cent, Diplomas or Technical 21.2 per cent, and Graduate or Postgraduate 37.2 per cent). Thus, the educational level of the residents as well as of the respondents from the Mattegoda and the Millennium City Housing Communities were much higher than that of those living in the Sahaspura Housing Community due to the obvious reason.

Occupational Pursuits

Generally speaking, occupational pursuits of the people, especially living in urban areas are determined by their educational levels. It is in this perspective when we look at the occupational pursuits of our respondents drawn from all the three housing complexes under study, we find that only 7.0 per cent indicated of those living in Sahaspura were white collar workers, while 63 percent were permanently employed as labourers'. Of the remaining 16 per cent of the respondents were petty-shopkeepers and another 12 per cent were self-employed. Contrary to this, 35 per cent respondents from the Mattegoda Housing Community were employed in white collar jobs, while nearly 38 per cent were both senior and junior executives. The rest businessmen and shopkeepers, self-employed and retired persons. It is evident that roughly 70 per cent of the respondents from the Millennium City were employed in white collar (12.4 per cent) as well as executive level (57.5 per cent) jobs. Of the remaining, about 14.2 per cent were engaged in leading business, and 10.5 per cent were retired. It was also observed that a few respondents had chosen these particular housing complexes as a place for a peaceful stay after their retirement. Looking at the relationship between educational levels and employment positions of our respondents drawn from the three housing complexes, we have noted a strong association between their two most significant socio-personal backgrounds. More specifically, the respondents from the Sahaspura Housing Community were engaged in the low position employment with their low educational level. On the other hand, the respondents from the Mattegoda and Millennium City Housing Communities employed in the higher level jobs or were engaged in big businesses and were having better educational qualifications.

Income Levels

It is a fact that the people's monthly income is related to their educational positions, i.e., higher the occupations in which they are engaged, more is their monthly or annual income. When we look at the monthly income of our respondents drawn from all the three housing communities under study, we find that there were 55 per cent respondents from Sahaspura who were in the monthly income category between SLRs: 5,001-10,000, while 23 per cent were between SLRs: 10,001-15,000 and only 10 per cent were between SLRs: 15,001-20,000. In contrast, 43.8 per cent respondents from Mattegoda were

earning a monthly income below SLRs: 15,000 and 24.1 per cent were between SLRs: 15,001-25,000. Also, in the Millennium City Housing Complex, 43.4 per cent respondents were having monthly income between SLRs: 15,001-25,000. It is noteworthy that in both the middle class housing communities of the Mattegoda and Millennium City, 32.1 per cent and 44.2 per cent respondents were having monthly income exceeding SLRs: 25,000. These income ranges of respondents from all the three housing complexes, indicated in a way, their being members of lower, middle and upper middle classes respectively. Viewing their income with educational levels and employment position we have found a significant association or relation among these three. In other words, as majority of the respondents from the Sahaspura Housing Community had low educational qualifications, they were not employed in the highly paid jobs. Even, those who were self-employed or owned petty shops, their monthly income were also not very high. The situation at Mattegoda was slightly different as their educational levels, employment position and income levels were found to be somewhat superior. The Millennium City Housing Community differed considerably from the other two communities presented above. In terms of educational qualifications, a little more than one-third respondents had first degree or postgraduate qualifications and were employed junior and executives. Others, with lower educational levels were businessmen and white-collar workers. Their monthly income level was also much higher compared to the respondents from the other two communities. Though their records given by them were suspected to be highly under-reported, and these actual income levels would have been much higher if the different sources of their income were properly accounted for. The tendency to under-report their income arises from the fear of income tax implications. These three dimensions (education, occupation, income) indicate the socio-economic status which speaks of the how high and higher socio-economic status or classes of residents in general and of the respondents in particular residing in the Sahaspura, the Mattegoda and the Millennium City Housing Communities respectively.

Ownership of Household Goods

The monthly or annual expenditure pattern of a person can be analyzed comprehensively by matching his/her possession of the household materials, assets, savings, etc. Accordingly, most of the respondents from all the three housing communities owned materials, which were very similar to those materials owned by the middle class people. A lot of consumer goods were displayed in the middle class communities. The household items included refrigerator, television, video, radio, fan, and cooking gas owned by a large majority (over two-thirds) of the respondents from all three housing communities. However, owning motor car, washing machine, and computer is high (over two-third) among the respondents from the Mattegoda and Millennium City Housing Communities. This has led to a structural change in the domestic-work patterns and day-to-day life of the concern communities.

Thus, the household items showed that a majority of the respondents were stabilized in their income and had household items of the daily comfort.

Neo-Liberalization and Class Formation

Engels (1962) stated that the housing shortage suffered by the workers and petty-bourgeoisie in modern cities is one of the secondary miseries which result from the present capitalist mode of production. Harvey (1973) stated that the State provides industry with basic infrastructure as transport and telecommunications, such facilities as health, education and housing to 'reproduce' the workforce and by urban planning keeps the masses fragmented-into middle-class suburbs and working-class council estates. Castells (1977) saw the State, the government in a capitalist society, not as a promoter of public interest but as an instrument of class control. He sees the city as crucial to modern capitalism in both creating new markets and controlling the workforce. In the above context, it can be pointed out here that the neo-liberalization policy brought about major changes in and around urban areas of Sri Lanka. Economy being transformed into a free-market has contributed towards setting up of various business ventures in urban areas by local and foreign business people. The setting up of Free Trade Zones, privatization of government establishments, granting of tax concession and other relief to the private sector by the government could be shown as examples for the same. In line with those development activities Sri Lankans were allowed to work in the Middle-Eastern countries also. As a result, the people who emerged as new capitalists paid their special attention towards migration to Colombo. Under these circumstances, 'labour economy' was replaced by a 'service economy' and in this milieu various job opportunities were started to grow within this urban space. In this context, a grave responsibility was cast upon the government to provide housing facilities for the population who recently migrated to the city of Colombo.

Also, the data shows that employment patterns in the urban areas, especially in the district of Colombo, have undergone considerable changes over the last decades. For example, in the district of Colombo, nearly 95 per cent of the employed population is occupied in non-agricultural work today. Another important feature of the employment situation is that occupational groups like professionals and technicians (from 9.1 to 19.0 per cent), administrative and managerial (from 2.5 to 3.8 per cent), private business owners (6.0 per cent), production, transport, labour population (from 43.4 to 45.7 per cent) and those percentages were increased significantly in the district of Colombo during 1986 - 2001. Important changes were also occurring in the service sector of employment within the region, reflecting decisions about the level and organisation of state involvement.

As mentioned earlier, liberalisation of the economy laid the foundation for the importation of various consumer goods which ultimately flooded the urban market and opened up more opportunities for new jobs in the economy. Also, migration to the Middle-East and other foreign countries for employment became a significant source of income for many families living in both rural and

urban areas. Not only that, the establishment of a private transport system, commercial banks, postal and telecommunication, hospitals, international schools, free trade zones, roads and building work, tourism, and media in the early 1980s have contributed to the expansion of employment opportunities for the people, especially in the urban areas.

Also, we have identified that those who went aboard for jobs in Middle-Eastern, Western or other countries on their return were basically motivated to buy or build their houses in urban areas and this has tempted them into Colombo housing market. Another main reason that led to the increase of buyers in the Colombo housing market was the migration of a large population of middle class, Tamil refugees from the city of Jaffna to Colombo as a result of the social strife of the country. Also, it could be considered as a special phenomenon that for the first time a large number of condominium apartments were built by the developers/builders in Wellawatta, an area which comes under the CMC. As commercial activities in the city of Colombo developed, the foreign business people and their managers were required to reside, and for them super luxurious quality apartments were required to be built. Mainly the urban private builders were keen in this venture.

As discussed above, this kind of social mobility is, it is argued, linked to a shift from manufacturing into services, particularly financial and corporate producer services, and a shift in occupational structure which involves the growth of professional, managerial and technical categories and, arguably, of less skilled service workers at the expense of the skilled manual working class. There is, then, a complex relationship between the labour market and housing market. Thus, the growth of professional and managerial forces in the Colombo district has led to rising high demand for urban land and housing. Not only that, these changes in the labour market towards a professionalized workforce influenced the rising of price of land and houses in the given area. There were strong links between changes in occupational and income structure, and changes in the position of different groups within the housing market in the CMR. Thus, the changes in occupational and income structure are related to differences in housing market power and to a growing social and spatial polarization within the housing market with the growth of a luxury housing market for the wealthy at the top and a residual housing market at the bottom for the economically and socially marginalized poor.

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