IHC International Housing Coalition

Supporting Housing for All in a Rapidly Urbanizing World

Rental Housing Part Two

Rental Housing Subsidies after an Urban Disaster: The Case of Haiti

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This is the second of three policy papers looking at rental housing commissioned by the International Housing Coalition (IHC). The IHC believes that rental housing is critical to sound housing policies as it is the form of tenure under which most urban low income families live, in both developed and developing countries. It is particularly critical in the developing world as housing conditions are often inadequate.

Rental housing is not something that comes immediately to mind when it we think of disaster reconstruction. Yet it should. When disasters hit urban areas, the majority of people are likely to be renters, especially low-income people. The experience in Haiti and, more recently, of the Philippines, shows how subsidies for rental assistance can be a positive force in aiding the recovery.

On January 12, 2010 a magnitude 7.0 earthquake struck the town of Leogane, Haiti, just 16 miles from the capital city of Port au Prince. The earthquake killed an estimated 230,000 people, injured an additional 300,000 and displaced two million people from their homes. Approximately 250,000 homes and 30,000 commercial structures were destroyed or suffered major damage.

Even prior to the earthquake, Haiti was the poorest country in the Western Hemisphere and was ranked in the bottom 20 percent of the United Nations Human Development Index. In the best of circumstances, helping victims of disaster and conflict move from temporary camps and shelters to long-term housing is the most difficult part of recovery.

After the immediacy of providing emergency and transitional shelter, most donors that had housing programs targeted them to homeowners. When long-term programs to build housing were developed, they were costly, took a long time, and created

inequities between those who owned their home and those who rented.

USAID's programs, for example, aimed to build 15,000 new homes in three development corridors. Yet three years after the disaster, USAID estimated that only 2,649 would be completed and at much higher costs than originally projected: 433 percent higher for sites and services and 193 percent for home construction[1]. Some of these were built in areas where there was little damage in an attempt to move housing out of the capital city.

Meanwhile, people suffered. Two years after the earthquake in Haiti, 500,000 people remained in camps. Many of these were the poorest of the poor, most of whom earned their incomes informally. As the New York Times reported[2], "despite billions of dollars in reconstruction aid, the most obvious, pressing need — safe, stable housing for all displaced people — remains unmet…hundreds of thousands remain in increasingly wretched tent camps. Tens of thousands inhabit dangerously damaged buildings. And countless others, evicted from camps and yards, have simply disappeared with their raggedy tarps and rusty sheet metal into the hills."

Making matters worse was a cholera epidemic that struck the country, affecting nearly three quarters of a million Haitians and killing 9,000[3].

So the Government of Haiti and the donor community responded with a very simple program; one that focused housing subsidies on the way that people actually lived. What the other housing programs missed is that the majority of people displaced were renters, not owners, especially those that remained in the camps. They developed a program that gave $500 grants to families for a year's worth of housing assistance. This was based on an analysis that showed this would be enough for a family to rent a unit for a year. The family did not have to pay a percentage of their income as a match. In fact, if they were able to find a unit for less than $500 per year, they were able to keep the change.

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[1] Gootnick, D., Haiti Reconstruction: USAID Projects Have Had Mixed Results and Face Sustainability Challenges," Government Accountability Office, 2014

[2] Sontag, B., "Years After Haiti Quake, Safe Housing Is a Dream for Many," New York Times, 2012

[3] Knox, Richard, "5 Years After Haiti's Earthquake, Where Did The $13.5 Billion Go," National Public Radio, 2015

The program rules were that the family had to be living in a temporary camp, agree not to move back to the camp and move to a unit that was considered safe. The latter was particularly labor intensive as inspectors had to visit each property to make sure that the unit was not in a red (unsafe) zone and met minimal safety standards. The program was implemented by the Government of Haiti and by a coalition of non-governmental organizations.

The concept of vouchers for rental assistance is not unique, as it is used in many developed countries, such as housing choice vouchers in the United States. What was unique in Haiti was that it was rare for this type of program to be used in a post-disaster setting.

An independent evaluation argued that the program was a success defining the criteria as moving people out of the camps.[4]. At the time of the evaluation, nearly 25,000 families had been served, and none had moved back to the camps after one year. In addition, properties expanded and were made safer. The report noted further that more than three quarters of the landlords who participated in the program stated that they made property improvements to meet the safety conditions of the programs. However, housing conditions in Port au Prince were poor before the disaster and the main criteria for safety was that the unit was not located in a red, or unsafe, zone.

The program was not perfect. It was limited to one year and, after the one year subsidy ended, 75 percent of the program's beneficiaries left their accommodation to find new housing[5]. It was also labor intensive as every unit needed to be inspected and all families were interviewed and counseled as part of the process.

Still, in comparison to the tens of thousands of dollars needed to build a new home, and the speed at which it was able to be implement, Haiti's rental assistance program serves as a valuable model for aiding disaster victims.

[4] Condor, Juhn and Rana, "External Evaluation of The Rental Support Cash Grant Approach Applied to Return and Relocation Programs in Haiti," The Wolf Group, 2013

[5] The Wolf Group report originally estimated that 75 percent of households left their subsidized rental units but, do to sampling biases, that number might actually be reduced to 60 percent.

In fact, it already has. In November 2013 a monster storm, Typhoon Haiyan hit the Philippines. It devastated areas including Tacloban in Central Leyte Province, where almost all of the homes in the city of more than 200,000 people were destroyed or suffered major damage. The Government of the Philippines had already been evaluating alternative approaches to homeownership and to public rental housing to house its most vulnerable populations. Indeed, it had started a pilot project, based on the Haiti experience, to use rental subsidies to move low income people into safe housing before a disaster. It then built on its own experience, and that of Haiti, to develop a rental housing grant program. Prudently, the Philippines program extended rental assistance to between 18 months and two years.

Thus, rental subsidies offer an effective tool for poorer countries that experience natural disasters. One critical component prior to disasters is to build a larger is inventory of rental housing that could be made available in the event of an earthquake, a tsunami, a flood, or similar disasters. The main way that this could be done is to set up a registration system whereby property owners could list potentially available units, from independent units to rooms in their own homes or apartments.

Providing rental housing assistance helped tens of thousands of people in Haiti and is now helping people in the Philippines. It has helped people transition to a new life and to do so in a way that is efficient, cost effective and matches how people live to the new solution