

## **THE COST OF REGULATION - TOWARDS A MORE SUSTAINABLE HOUSING CONSTRUCTION IN THE BRICS**

ANTHONY BOANADA-FUCHS BOANADA-FUCHS\*

*IHEID GENEVA.*

The recent numeric shift from a rural to a predominantly urban world underlines the importance of cities and the key role they play in facing the great challenges of the 21st century. Thus the answers to a more sustainable and equitable world lies in cities, the nexuses of economic and social flows, centers of decisions and conflicts, vehicles of change.

Unsurprisingly cities have once again moved into the spotlight of academic attention and with a tight link between the discourse of sustainability and development the destructive aspects of urbanization. The key to more sustainable cities lies in their growth processes. Consequently of prime importance is to investigate specific ways to make current urbanization more sustainable, equitable, and less consumptive.

While driven by economic factors, urban expansion throughout history is predominantly residential in nature. As a key factor to human development (covers the basic need of shelter, social and economic safety net) the necessity of such expansion can hardly be questioned per se (though some governments did in the past), but just the form of it. Contrary to industrialized countries urban growth in the Global South is majorly driven by poor migrants and sub-standard housing constructions. The contradiction of the sustainability discourse is that the slumming of the world has dominantly positive aspects from a resource/consumption angle. Little resources are deployed to fulfill the basic needs of new residents.

Despite other flaws, the most troublesome dimension of slums is its social unsustainability. If 80 percent of the population consumes 20 percent of the resources is in the end sustainability a function of income? Are rich allowed to live on the expenses of the poor, similarly to the logic of the carbon offset in industrialized countries?

The question of how to achieve a more equitable resource distribution has been answered by most governments with direct provision. The macro-economic changes in the 1980s resulted in a shift from provider to a role of facilitator. Promoted by international organizations and in theory pursued widely throughout the world, the practice is often a pure neo-liberal laissez-fair. The violence of the most recent economic crises reminded us that not less (or no) government shall be the aim of deregulation and market liberalization but the right framing of socio-economic exchange.

The proposed conference joins a critical canon for reforms and proposes to investigate real markets, instead of modeled ones and scrutinize the actual impact of regulations rather than calculate revealed effects. The main advantage is that such approach does not depend on large data sets and thus represents a more feasible way to analyze markets in countries of the developing world that after all will have to accommodate 90 percent of all population growth until 2030.

Part of an ongoing study, the focus is housing delivery mechanisms in India, Brazil, and South Africa, and the impact of each legislative framing on costs and resource consumption. Any building regulation affects the way houses are constructed (e.g. built-

up density, built-up ratio, height restrictions, margins, mandatory facilities) and thus have a direct impact on resource consumption and costs. The underlying logic, confirmed by local evidence, is that the profit maximizing behavior of producers automatically exploits the technical possibilities given by a regulation. The right framing of markets aiming to improve affordability and the human footprint consequently aims for maximizing resource uses, while guaranteeing the minimum standards for a decent living.

Despite this key importance for more sustainable urbanization, such technocratic approach remains absolutely under-researched. The envisioned long paper would form an initial stepping stone in closing such knowledge gap. In a first step national and local legislations and building codes are scrutinized and their impact on resource consumption calculated. Then different regulations are excluded step by step to estimate the saving potentials in respect to resource consumption (land, money, materials). The target of such exercise will be the market around the affordability threshold.

The research questions are as followed:

- How do regulations relate to the growth trajectory of the recent past?
- How much land can be saved by revising certain construction regulations?
- What is the saving potential for materials by revising certain construction regulations?
- What is the cost increase per square meter built-up due to existing construction regulations?
- What can be learned in comparing the different case studies?

The cities the discourse concentrates on are Ahmedabad, a notable best practice city for land management, Cape Town that has performed remarkably in the field of low cost housing and Rio de Janeiro.